
The Skills Development Act: An exploratory study of its perceived implications for companies in the service industry in Durban.

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Declaration

This dissertation represents original work by the author and has not been submitted in any other form to any University. Where use has been made of the work of others, it has been acknowledged and referenced. The views expressed in this project are those of the author and do not represent the organisations or people involved in the study.

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List of Abbreviations

ABET - Adult Education and Training

ANOVA - Analysis of variance

Discretionary Grants- Additional funds apart from Grant A, B, C which employers can claim for on issues such as appointing and handling people with disabilities, support for employees with HIV/AIDS, research.

FET- Further Education and Training

HRD - Human Resources Development

HSD - Honestly Significantly Different

IT - Information Technology

NQF - National Qualifications Framework

OCED- Organisation for Economic Cooperation and Development

RDP - Reconstruction and Development programme.

RPL - Recognition of prior learning

SAQA - South African Qualifications Authority

SETA- Sector Education and Training Authority

SDA- Skills development Act

SDF - Skills Development Facilitator

SGB - Standard Generating Bodies

SMME- Small medium enterprises

TOPS - Total perceptions of skills act.

Introduction

This work is an exploratory study of perceptions of an aspect of a specific piece of legislation:

- The skills development Act. 97 of 1999.

The study examines whether the skills levy, 1 percent of companies gross income payable annually, is perceived as a deterrent to growth, innovation, competitiveness and investment, or rather as a boost to productivity by enhancing workers efficiency through training.

Underlying the study is a recognition that the skills levy might be perceived as either helping to contribute to the formation of human capital and thus be of benefit to both individual firms and the economy, or that it might be perceived as yet another “tax” which increases the cost of doing business.

A survey of 40 companies which pays levies to the service SETA was conducted, through the use of structured open and closed questionnaires. Areas of investigation included:

1. How do managers in the sampled firms perceive the skills levy? How detailed is their knowledge of the Act?
2. Is the skills levy perceived by specific categories of business decision-makers as making the labour market less flexible?
3. Is it perceived to have an impact on human capital formation? If so, what is the nature of this perceived impact?
4. Is it seen to make employees more productive? If so, in what way? If not, why not?
5. Is it seen to help or hinder innovation?
6. Is the levy perceived to be an “additional tax”?

7. What, among the respondents, is the perceived relationship between training and

productivity?

8. What, among the respondents, is the perceived relationship between training and profitability?

This work is heuristic and is likely to be a basis for further possible research of this kind in that it will generate data that will be available to be both extended, and further scrutinised, in other studies. It invites follow up studies not least because the levy is of relatively recent origin and responses to it have not been developed or consolidated over a long period.

Synoptic outline of chapter contents:

Chapter 1 surveys the literature and elaborates the theoretical framework upon which this work is based.

Chapter 2 provides a background to the Skills Development Act. It discusses the skills levy and the NQF framework.

Chapter 3 provides a graphical analysis and commentary for each of the items set out in the questionnaire during the survey research.

Chapter 4 provides a detailed discussion on the findings of the survey research.

Chapter 5 focuses on suggestions for a more inclusive participation by companies in skills development and how a much more efficient service can be rendered by the service SETA.

This project is a survey research work, which investigates the perceptions and implications of the Skills Development Act on the service industry in Durban.

The study contained a qualitative and quantitative section, through the use of structured and open questionnaires. Target interviewees/ recipients of questionnaires were CEOs, financial managers or their designated representatives, who play a key role in making investment decisions in their respective companies.

The sample took the form of a stratified judgment sample. The distribution of the companies in the sample was according to size, with an attempt made to reflect as accurately as possible the proportion of companies in the sector that are small, medium and large. The number of employees determined the categorisation by size. For the purposes of this study, a large company will have between 65 and 100 employees, a medium sized company will have between 30 and 64 employees. A small company will have between one and 29 employees. Because service sector companies tend to be small, this classification departs somewhat from that used in the National Skills Development Strategy.

Information derived from the questionnaires and interviews were analysed using the SPSS package. This served as the basis for the discussion of findings and the recommendations, which appear in last chapter of this work.

CHAPTER 1

1. Literature Review and Theoretical Framework

This chapter elaborates the theoretical framework on which this work is based. It provides the background for the evaluation and analysis of the field survey upon which the perceptions of the Skills Development Act will be measured in the following chapters.

1.1 Exploratory study

This research is exploratory in nature simply because the skills development Act is relatively new. It was promulgated in 1999, but became effective in April 2000. The purpose of this type of study, as the name indicates, is to explore a relatively unknown field. Insights thus gained usually serve to inform the desirability and priority rating of further research.

Exploratory studies are very valuable in social scientific research. They are essential whenever a researcher is breaking new ground, and they can often yield new insights into a topic for research. (E. Babbie: 9)

Exploratory studies typically assume one of the following forms

- 1 A survey of relevant literature
- 2 A survey among people who have practical experience of the problem
- 3 An Analysis of examples that stimulate insights

(Schnetler J. & B. Dixon 1989: 13)

The approach utilized in the study embraces the first two forms.

The research was conducted against the background of the problem of skills shortages in South Africa, aggravated by the “brain drain” to Europe and Australia and New Zealand. In addition, from the standpoint of companies who might complain that the skills levy is an additional tax burden on them.

In a pioneer work, *Capstone or Deadweight*, which analysed South Africa’s tertiary education system between 1910 -93, including universities, technical training institutions and teacher training, the authors demonstrate that current skills shortages is the offshoot of the inequity in the educational system during the Apartheid era.

As Fedderke, de Kadt and Luiz note:

In technical training, the differential between white and black emerges primarily in the form of poor access to such training by blacks, rather in the form of poor inputs into blacks technical training as measured by student-lecturer ratios and real per student expenditure. A more general finding to emerge from our data on technical education in South Africa is that significant under-investment in technical forms of human capital has been maintained over the same sample period, and for all population groups. Once again, therefore, the findings of the present paper point to the presence of significant inequities and imbalances in the inputs and outputs of the South African educational system - in this instance tertiary education....A second implication to emerge is that much as for the university system, the development of parallel Technikons for various race groups proved expensive in real per student expenditure terms- and it remains to be seen whether the high developmental costs proved justified in terms of the quality of output achieved in terms of diplomas and certificate output. At the very least, the suspicion has to be that the resources might have been more usefully deployed in deepening capacity in already existent institutions. (Fedderke, de Kadt, & Luiz 2000: 2 & 36)

It is therefore not surprising that, in an attempt to address these problems, the National skills development strategy intends “To equip South Africa with skills to succeed in the global market and to offer opportunities to individuals and communities for self-advancement to enable them to play a productive role in society.” (National Skills Development Strategy 2001: 10)

In addition, the same document points out that:

We have only three million skilled and highly skilled people as opposed to

seven million trapped in semi/unskilled work or unemployment. Compared to middle income and advanced industrial countries, South Africa faces specific shortages of professional managers and technicians and craft and skilled workers. (National Skills Development Strategy 2001:15)

In this regard, this study from the outset has attempted to examine whether the skills levy, 1 percent of companies gross income payable annually, is perceived as a deterrent to growth, innovation, competitiveness and investment, or rather as a boost to productivity by enhancing workers efficiency through training.

The key areas of investigation have included:

- i) The understanding and perceptions of the skills levy
- ii) The perceptions of the skills levy as a possible disincentive to investment.
- iii) The perception of the skills levy in relation to the perceived global competitiveness of South African businesses
- iv) The skills levy and its perceived bearing on the South African labour market
- v) If there is any relationship between training regimes and organizational benefits/outcomes

Underlying the choice of these issues, and the specific focus on perceptions, is the assumption that perceptions of the economic impact of this legislation may be important determinants of investment decisions.

1.2 Data Collection & Analysis

Data collection later analysed by the SPSS programme were collected through the use of a stratified-judgment sample.

In stratified sampling, the sampling frame is divided into one or more strata based on sex, region, grade and the like. Then the sample is drawn from each of the stratum. The reason why researchers often want samples stratified on demographic or social characteristics, such as sex and region, is that such factors may influence responses. (T.L. Baker 1999:157)

The element of judgment sampling was based on nature and characteristics of the service industry. The common characteristics of companies in a service industry, which are relatively small, often employing between 1 -10 employees was considered.

These characteristics included: Usually run by family members, higher rate of labour turn over as in Security/ Cleaning sub-sectors, business is usually focus on one speciality or service product e.g. recruitment, real estate, Low investment return rates. Stratification included size to reflect accurately as possible the companies that are small, medium or large.

For the purposes of this study, a large company will have between 65 and 100 employees; a medium sized company will have between 30 and 64 employees. A small company will have between one and 29 employees. This classification departs somewhat from the classification used in the in the National Skills Development Strategy because of the tendency for service industries to remain small as mentioned earlier.

The survey contained a qualitative and quantitative section. This research is not directly concerned with cause-and-effect relationships. Rather it is concerned with measuring perceptions and collecting data from a representative sample of individuals who are decision makers within a certain industry.

The questionnaires were distributed to companies registered under the service SETA database. The unstructured (open) questions allow respondents to formulate and express their opinions and attitudes freely. The questionnaires were specifically distributed to CEOs, Operations Managers or their designated representatives mainly involved in investment decisions or decision-making in their various companies.

The structured part of the questionnaire consisted of a variation on the Likert scale from 1 through 5. 1 implies “strongly agree” while 5 indicates “strongly disagree”. (See appendix for questionnaire template)

On two occasions, questionnaires were distributed and completed during seminars conducted by the service seta at the Durban Chamber of Commerce, which proved to be highly effective. There was no response from any of the questionnaires sent by email. About 4 questionnaires of the total 40 companies sampled were completed telephonically. While about 6 companies were completed through personal interviews

Reliability Coefficient

A cronbach alpha coefficient was obtained for the measuring instrument of the following magnitude:

Perceptions of the Skills Act	0 .8239	(C = 11)
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The alpha value obtained is considered good for an exploratory study.

1.3 Theoretical Framework

1.3.2 Cost concepts in Economics

Production, whether of services or products involves cost for any firm. Therefore, a firm needs to know what it costs to produce its products if it is to make sensible business decisions. The payment of a skills development levy, every month, thus represents an additional cost to a firm.

Although it is possible to reclaim about 70% of this skills development levy, the time lag, about a year between payment and retrieval of grants, the administrative cost and the 20%, which goes into the National Skills fund, represent some form of expenditure to an Enterprise. At this junction, it is important to review some important cost concepts, relevant to this study.

Opportunity cost

Opportunity cost or real cost in Economics is defined as the alternative forgone. “The real price of everything is the toil and trouble of acquiring it” (Adam Smith).

Economists want cost to reflect the value of the resources used when those resources are employed in the most productive use, other than the current one. (Carlton & Perloff: 1990:38)

Every time a person or a collective actor such as a nation or firm makes a decision, it incurs costs by discarding alternative courses of action. A more important example of the usefulness of opportunity cost arises when a firm owns an asset that could be

easily sold or rented. For example, suppose a firm owns a building that it occupies. If the building could be rented to another tenant for R2, 500 per month, then the firm should count that amount as its cost of occupying the building. It is the foregone earnings of not renting out the building. If the firm cannot afford to pay R2, 500 per month, it would be better off moving to a cheaper premises and letting out its own premises.

The opportunity cost of choosing to use resources for one purpose is the sacrifice of the next best alternative for the use of those resources. (David Hyman 1992:14)

Accounting Costs versus Economic Costs

In essence, the economist generally includes more items in cost than do accountants or business people. Economists include all costs - whether they reflect monetary transactions or not; business accounts generally exclude non-monetary transactions. (Samuelson P & William Nordhaus: 1985: 468) Opportunity cost, in contrast, reflects the value of alternatives that firms must forgo in their choices of production and inputs. (Henderson and Poole 1991: 228)

The following table illustrates this difference:

Table 1

Bayside Bakery, Richards Bay 1982

ITEM	Accounting Cost	Economic Cost
Wages & Salaries	R40,000	R40,000
Interest paid	R10,000	R10,000
Depreciation	R20,000	R20,000
Implicit wage of owner	0	R30,000
Implicit wage of owner's spouse	0	R10,000
Implicit rent	0	R40,000
Implicit interest of owner's equity	0	R3,000
Total Cost	R70,000	R153,000

* Adding all implicit cost to those figured by the accountant gives the opportunity

cost or economic cost of Bayside Bakery.

Transaction costs

Transaction cost analysis emphasizes that firms incur costs in transacting business, such as the cost of writing and enforcing contracts. Using formal price theory analysis, this approach uses differences in transaction cost to explain why structure, conduct and performance vary across industries.

Oliver Williamson (1992, 15- 42), one of the major proponents of the transaction cost approach, says four basic concepts underlie this analysis:

1. Markets and firms are alternative means of completing related sets of transactions. For example a firm can either buy a product or produce it.
2. The relative cost of using markets or a firm's own resources should determine the choice.
3. The transaction cost of writing and executing complex contracts across a market "vary with the characteristics of human decision makers who are involved with the transaction on one hand, and the objectives properties of the market on the other hand."
4. These human and environmental factors affect the transaction cost across markets and firms.

Thus, reliance on markets is more likely when (1) there is little uncertainty and (2) there are many firms (competition) and limited opportunistic behavior. When conditions are reversed, firms are more likely to produce for themselves than rely on markets.

(Carlton & Perloff 1990: 5)

Fixed, Variable & Total Cost

Among the most important costs to a firm, which is relevant in the process of production, are fixed, variable and total costs and other variations in relation to a firm's production processes.

Fixed costs do not vary with the level of output of a firm. Rent paid by a law firm for an office after signing a one-year lease is a fixed cost. The monthly rent has to be paid regardless of how many clients the lawyer sees each week.

Variable cost on the other hand varies with the level of output. As production increases so does the need for labour, electricity and materials. So variable costs depend on the prevailing wages that a firm must pay in the process of production.

The sum of variable and fixed cost is equal to total costs.

In relation to the skills development levy, which stipulates that companies should set aside 1% of their gross earning on a monthly basis could well be a variable cost, as income for companies is not fixed.

The following is an example of a firm’s skills levy remittance to the South Africa Revenue Service.

Table 2

VENTURE CREATIONS

Time Frame	Remittance (Rands)
April 2001	R 1 157.33
May 2001	R 1 015. 07
June 2001	R 1 144. 16
July 2001	R 1194. 73
August 2001	R 1285.70
September 2001	R1 379.22
October 2001	R 1386. 57
November 2001	R 1497.48
December 2001	R 1476.07
January 2002	R1546.35
February 2002	R1487.80

1.4 The short run versus the long run

It is important to take a look at the concepts of the “short” and “long” run in Economics, as the difference between the two time perspectives could have tremendous implication for training, productivity and profitability in the firm.

The short run is usually a short period when things cannot be altered. It is the period when the number of machines and physical space cannot be changed or varied. Therefore, a firm is constrained to utilise its existing plant and machinery for production at this time.

In contrast, the long run is a period of production long enough that managers have time to vary all inputs used to produce a good. In the long run there are no fixed inputs. It is clear that producers have more flexibility in the long run than in the short run.

The actual period of time encompassing the long run is likely to vary from one industry to another. For example, the owner of a hot-dog stand might be able to increase all its inputs, required to produce more output.

We can think of the long run as a planning period in which managers, for example, contemplate expanding by acquiring more floor space and machinery.

(David Hyman 1992: 232)

It is important to emphasise that the distinction between the short and long run is not precise and may overlap. The training of personnel is likely to have an impact on productivity in the long run. As such perceptions concerning the Skills Act might itself be affected by the desire of firms to maximise profit in the short run rather than in the long run.

The principle of opportunity cost thus becomes very important in our discussion. If a firm did not pay the skills levy every month, that money would probably be utilized for other purposes. The effect of paying the levy could translate into: less profit, deferred purchase of office equipment or machinery, fewer recreational facilities e.g. tea, coffee and other refreshments etc.

Depending on the size of the company, the 1% of the skills levy could represent a minimal or considerable amount. The question then arises would firms rather prefer to invest in skills development through continuous staff training or investment in capital goods or set aside the funds for profit?

In the short run, a firm that decides to invest in capital goods could increase productivity and profitability. However, in a changing technological world where skills quickly become obsolete, training could represent a long-term investment that would guarantee continued profitability. Trained staff are likely to become more motivated, better skilled; they are likely to become more efficient, and thereby generate more productivity in the long term.

In fact, human resources practitioners see training as essential to the continued survival of business organizations.

Pigours and Myers argue that

No organization can choose whether or not to train employees. Every new employee, regardless of his previous training, education, and experience, needs to be introduced to the work environment of his new employer and to be taught how to perform specific tasks. Moreover, specific occasions for retraining arise when an employee is transferred or promoted, or when jobs change and new skills must be learned, perhaps because of changes introduced by advancing automation... Thus the only choice left to management is whether training shall be haphazard, casual, and possibly misdirected, or whether it shall be made a carefully planned part of an integrated program of personnel administration. (Pigors & Myers 1965 :377)

For Dooley,

Training is not something that is done once to new employees - it is used continuously in every well-run establishment. Every time you get someone to do work the way you want it done, you are training. Every time you give directions or discuss a procedure, you are training.

(Dooley C.R 1946: 161)

But then under what prevailing circumstances will firms be willing to undertake training? Zymelman provides an answer:

In a competitive market a firm will be willing to offer training only if the benefit from lowering the turnover rate is large or there is the possibility of recouping the cost of training during the training period. This possibility will be enhanced if the trainee can be paid wages below the value of his production and if the apprenticeship period can be lengthened and a legal restraint put on deserting the firm before completion; when the workers have training that is specific to the firm before completion; when the workers have training that is specific to the firm or, in the case of monopsony, when the firm is the sole employer for a segment of the labour market. Under such noncompetitive conditions wages are always lower than marginal productivity, although they are largely dependent on the bargaining power of the workers in the specific occupation. Everything else being equal, there is therefore a greater probability that a firm would offer training when the labour market is noncompetitive. (Zymelman, Manuel 1976: 23)

It does imply that all things being equal training therefore may well have a higher opportunity cost than a lower one. It has been observed that training leads to personal growth and job satisfaction reduced accident rate and damage to machinery, reduction in complaints, dissatisfaction and turnover rate.

In essence, training increases the marginal product of workers and therefore increases the willingness of employers to pay for their services, but it is costly in terms of time and money. In deciding to pursue training, people weigh the opportunity cost of the time and money against the extra returns they expect to achieve.

(David Hyman 1992: 502)

1.5 **Evaluating Training**

If firms have to weigh the costs and benefits in terms of opportunity cost, how then can training be evaluated? Donald Kirkpatrick identified the four levels of evaluation of training programs.

The first level is called *reaction*, or participants feeling about the program. Reaction information is usually gathered by questionnaires during or immediately after the program.

The second level of evaluation has to do with *learning*. Learning measures assess to what degree trainees have mastered the concepts, information, skills that the training tried to impart. Learning is assessed during or after the training with a paper-and-pencil test, graded stimulation exercises.

On -the-job-*behaviour* is the third level of evaluation in Kirkpatrick's approach. Behaviour measures whether employees are doing things differently on the job after training, whether they are visibly doing what they have been taught. Behaviour ratings can be assessed by a superior officer, peers, subordinates or clients of the trained employees.

The final level of evaluation is *results*. At this level, the impact of the training on the work group or organization is assessed objectively. Measurement used will depend upon the content and objectives of the training. Sample measures of results could include cost savings, profit, productivity, quality, accidents, turnover and employee attitudes.

(Kirkpatrick D. 1998: 19-25)

1.6 Labour productivity

What influences the productivity of workers in a nation? Hyman goes on to explain:

Productivity depends on a variety of factors, including workers' skill, experience, training and motivation ...improvements in labour productivity increases wages and salaries, which constitute the major source of income in a nation. These improvements therefore are major determinants of progress in a nation's standard of living...Sustained investment by business firms is therefore important to all workers. It ensures that wages, and thus labour income, will continually increase. However, we should point out that investment in human beings as well as in machines is important to achieve this goal. Increased levels of education, training and experience are prime determinants of worker productivity. Human capital represents the skills and qualifications of workers that stem from education and training. Investments and savings, which provide funds for training, are thus important determinants of a nation's standard of living.
(David Hyman 1992: 504 & 505)

If investment in human capital is relevant to the standard of living within a country, it does imply the level of commitment to the implementation of the Skills Development Act and the national skills development strategy is a crucial factor to a country such as South Africa's continued and sustained development. This is especially true for workplace or on-the-job learning.

When *Training & Development* magazine conducted a survey asking leading HRD professional and management scholars to speculate about the future shape of HRD, most of them stated that **learning** will be more and more important for organizational success, but that the learning will increasingly occur on the job as employees are empowered to find problems and experiment with solutions. Learning *how to learn* from experience will be critical.

According to Rosabeth Moss Kanter,

There is indeed a growing emphasis on learning in the workplace - but not necessarily on training. "Training" signifies a one-way transfer of established wisdom or skill from the trainer to the unformed trainee, who is expected to become more like the established model as a result of the training experiences. It focuses on the teacher, not the student. But "learning" reverses this in important ways. Learning involves not only absorbing existing information, but also creating new solutions to not-yet-fully-understood problems. And while we could not conceive of training without students, learning can take place in the absence of teachers. It is an ability of the person, the group, and the organization.

(Quoted from 'The Future of workplace learning and performance.' *Training & Development*, May 1994. pp S36-S37; quote pS41.)

CHAPTER 2

2. Background to the Skills Development Act 97 of 1999.

The problems of skills shortage in post - apartheid South Africa has been and continues to be a perplexing problem. The persistent low rate of education and training among the mass of black people remains a major stumbling block, which could prevent the economy from attaining its long-term potential growth rate.

The skills development Act is a deliberate attempt to grapple with the problems of illiteracy, and the massive unemployment, poor competitiveness and low productivity resulting from this lack of education.

Commenting on the topic in 1990, Azar Jammie in the book *McGregor's Economic Alternatives*, claimed that education is arguably the area in which the largest degree of improvement is required. Of the country's total workforce incorporating all race groups, 30% have no education at all, 36% have only been to primary school and 31% have reached secondary schooling. (A. Jammie 1990: 165)

Azar Jammie comments as follows:

More seriously, the shortage of skilled manpower in the country is reflected in the fact that 3% of the entire workforce have degrees or diplomas, exceptionally low by international standards. Around 45% of black South Africans cannot read or write... In a study of the level of development of 130 countries with a population of more than one million, the United Nations Development Programme had ranked countries according to a 'human development index'. Instead of measuring a country's living standards by the conventional GDP per capita, it combined the latter with measures of life expectancy and literacy. Even though South Africa ranked 48th in terms of per capital GDP, it ranked 62nd in terms of human development index. This suggests that the country was ranked well down in the bottom half of the world league in terms of life expectancy and literacy.
(A. Jammie 1990: 166)

The situation had not improved by 1994.

Fedderke, de Kadt and Luiz, after analyzing South Africa's tertiary educational

system from 1910 -1993 explain that this situation was a direct result of the Apartheid system of institutionalizing an exclusionary, yet expensive, educational system. Their findings

...confirm the presence of strong inequities between race groups in South Africa's tertiary education. In case of South Africa's Universities, such inequities emerged not in the form of the quality of inputs, but simply in terms of the incapacity of black universities to transform inputs into outputs in the form of either degrees or research. By contrast, quality technical education was simply denied to blacks. Only teacher- training colleges reproduce the same patterns we observe for schooling: poor inputs translating into poor output in black teacher's colleges. South Africa therefore faces a legacy of poor human capital production not only at primary and secondary levels, but in its tertiary educational institutions as well. (Fedderke, de Kadt, Luiz: 65)

2.1 South Africa's world competitiveness

South Africa fared poorly in the results of the 1994 World Competitiveness Report, ranking 35th out of 41 countries on ability to generate more wealth than competitors in international markets.

The 1994 report is not directly comparable with the previous one, as the organization for Economic Cooperation and Development (OCED) countries and non-OCED economies were formerly rated separately. If only non-OCED economies are considered in the 1994 report, South Africa rates 11 out of 18, from 11 out of 15 in 1993 and 8 out of 14 in 1992. Specific factor ratings for South Africa in the 1994 report are:

Table 3

Infrastructure	20
Finance	21
Science and technology	27
Management	29
Internationalisation	35
Domestic economic strength	37
Government	37
People Development	41

According to the report, the challenge for South Africa is to make the best use of factors where it is relatively strong (infrastructure, finance), while improving the 'people factor' through access to education, social services and jobs. (Business Day, 6 September 1994).

The principal challenge that South Africa faces as it sets about building a democratic society is to create an education and training system that ensures people are able to realize their full potential.

The government has come to realize that without the development of South Africa's people, sustainable economic growth and competitive participation in the global economy are impossible. 'People development' and human capital formation are key factors with regard to the competitive advantage of nations, and South Africa has scored dismally on the world competitiveness report since 1991. Today, the situation has at least arguably been worsened by emigration.

As Hugo has observed: *South Africa has witnessed in recent years, significant white emigration without commensurate immigration; the majority of those leaving are professionals or skilled people.* (Pierre Hugo 1992: 48)

Yet “human resources - not capital nor income, nor material resources - constitute the ultimate basis for wealth of nations... clearly a country which is unable to develop the skills and knowledge of its people and to utilize them effectively in the national economy will be unable to develop anything else.” (Harbison 1973: 3)

HRD thus poses an enormous and complex challenge. To address it, South Africa needs to design a holistic and integrated approach to education and training. This requires input from, and effective partnership between labour, business, and education and training providers. (Symes, Fourie & Co 1994: 67)

This is precisely what the Skills Development Act sets out to achieve. It is an initiative, which goes back to RDP summits held between August and October 1994, where the ‘Consultative Business Movement’ explored the roles of government, business and labour in achieving growth and reconstruction objectives.

These various summits developed the idea of co-determining a social compact, in the interests of national and economic survival. Priorities addressed at the summits included:

- 1 Private-sector funding for the RDP
- 2 Global competitiveness
- 3 Human resources development
- 4 Technological advancement
- 5 Support for small enterprises

(Symes, Fourie & Co 1994: 67)

Although the RDP has today been discarded by the ANC led tripartite government, Skills development remains one of the focal points of government policy.

Recent statistics from the Department of labour reiterate the worrying situation of low education and the absence of vital productive skills in South Africa.

The skills shottages which exists in our country is reflected in the fact that only 20% (3 million) of our economically active population is skilled or highly skilled, while about 80% (12 million) is semi-skilled, unskilled or unemployed. (See the Fifteen point programme of action, ministry of labour - 1999 -2004 Department of labour,

Pretoria :15:1999) Further, South Africa's skills profile also compares poorly with other middle-income countries. For example, South Africa has about four percent professionals in its labour force, compared to about 8% for other middle-income countries. (Fifteen point programme of action, Ministry of Labour - 1999 -2004 Department of Labour, Pretoria:15:)

This is corroborated in the National Skills Development Strategy:

Of the four million plus people who are unemployed, some 50 per cent are young people who have completed more than nine years of schooling. Youth employment is aggravated by the inadequate provision of technical and vocational education and training opportunities. Just one percent of secondary school students is enrolled in technical/vocational institutions. In countries of the OCED, 50 per cent of secondary school-age students are in technical and vocational education programmes.
(Vhutsila...The National Skills Development Strategy ... April 2001 - March 2005:15)

It has been observed by Fedderke, de Kadt, Luis, "that by 1993, 17% of the total student body in white universities was completing degrees, and the trend for the white university system was upward. By contrast, black universities, while sharing an upward trend in the total degree throughput rate since the early 1980's, had reached a throughput rate of only 10% in 1993, significantly below that of white universities." (Fedderke, de Kadt & Luiz 2000: 14)

Faced with the thorny problems of illiteracy, unemployment and jobs losses, A Presidential Job Summit was held in October 1998. This summit like the 1994 one which preceded it, involved stakeholders from the government, labour, NGO representatives and delegates from the business world. It engendered among other things a common understanding of the causes of unemployment and underemployment and the embrace of a policy framework required to address the problem.

The job summit also identified a number of post-summit processes that include the implementation, coordination and monitoring of the job strategy agreed to at the summit. This included the provision of an enabling environment to promote job creation, human resources development as well as special employment programmes.

This demonstrates the need for massive skills transfer and formation. The promulgation of the Skills Development Act and the Skills Development Levies Act is thus a conscientious and sustained effort aimed at reducing unemployment through skills and human resource development in South Africa, where general schooling and efforts of individual companies are insufficient to reverse the situation. It creates the link between workplace education and training and economic growth and employment opportunities.

These Acts were preceded in 1995 by the South African Qualifications Authority Act jointly steered through Parliament by the Ministers of Education and Labour in 1995. Its aim was to provide quality of, and access to, learning wherever it takes place, be it at school or in the workplace.

2.2 The Skills Development Act 97 of 1999

The Skills Development Act mandates companies to pay a skills development levy equivalent to 0.5% of the total payroll from 1 April 2000. The levy increased to 1 % of total annual payroll on 1 April 2001.

Companies have to register with the Receiver of Revenue, which collects the levies, before transferring the funds to the National Skills Fund (NSF) and to the relevant Sector Education and Training Authority (SETA), which have now replaced the National Training Boards.

Exempted from this levy are: Employers in the public service and some employers whose annual remuneration bill does not exceed R250, 000, provided that they have also been exempted from having to register for income tax purposes. Certain religious and charitable institutions and municipalities have also been exempted.

For the purposes of skills development, the legislators have created 25 economic sectors, which cover industry across the spectrum. Each employer will fall into a sector and will pay that sector's levy.

The sectors, which have been set up, are:

1. Accounting & Financial Services
2. Banking
3. Chemical & Allied Industries
4. Clothing, Textiles, Leather & Footwear
5. Diplomacy, Intelligence, Defence and Trade
6. Education, Training & Development Practices
7. Energy
8. Food & Beverages Manufacturing
9. Forest Industries
10. Furniture, Pulp & Paper Board & Wood
11. Health & Welfare
12. Information, Electronics & Telecommunications Technology
13. Insurance
14. Local Government & related services
15. Media, Publishing, Printing & Packaging
16. Mining & Minerals
17. Manufacturing Engineering & related services
18. Police, Private Security, Legal & correctional services
19. Primary Agriculture
20. Public Service, Arts & culture
21. Secondary Agriculture
22. Services
23. Tourism, Hospitality & Sports
24. Transport
25. Wholesale & Retail

(See: The Skills Development Act - 97 of 1999)

A Sectoral Education & Training Authority (SETA) will administer each of these sectors. The Act further requires the SETA to formulate skills plans and future skills requirements for each sector. In addition, they will fulfil a quality assurance role through the accreditation of providers of education and training and can set up learnerships or skills programmes in partnership with provider institutions.

An approved skills programme will include training, coaching, and on-the-job-learning. Some learners may sign a learnership contract (similar to an apprenticeship). They are then assessed for competence against a set of learning outcomes laid down by a Standard Generating Bodies in each sector.

The Skills Development Act requires companies to draw up a skills plan detailing

their training and development initiatives. The effective implementation of the skills plan ensures the recovery of a proportion of the skills development levy paid by the company.

Those employers who wish to qualify to claim back part (a maximum of 70%) of the skills levy will be required to register with the relevant SETA and to design and implement skills plans which fall into line with the skills plan of the sector to which the employer belongs and enable their employees to obtain formal qualifications in terms of the National Qualifications Framework (NQF).

An employer who implements education and training activities that fall outside the annual skills plans submitted to the SETA, may not claim back costs from the levy.

2.3 The National Qualifications Framework (NQF)

The South African Qualifications Authority (SAQA) has adopted an eight-level framework. Level 1 is the least advanced and Level 8 the most advanced.

Table 4

NQF LEVELS		
Level 8 (HET)	University	Research/ D. Phil.
Level 7 (HET)	University	Research/Master's degree
Level 6 (HET)	University	Honours Degrees
Level 5 (HET)	Technikons/ University	Higher National Diploma/ Degrees
Level 4 (FET)	Technical college	Higher National Cert.
Level 3 (FET)	Technical College	National Certificate
Level 2 (FET)	Senior Secondary School.	Grade 12
Level 1 (GET)	ABET 4 ABET 3 ABET 2 ABET 1	Grade 9 Grade 7 Grade 5 Grade 3

- 1 General Education and Training (GET) covers Level 1 and preschool
- 2 Further Education and Training (FET) covers Levels 2 - 4.

3 Higher Education And Training (HED) covers 5 - 8.

Under the NQF, learners may obtain qualifications in respect of the above levels in any of the following 12 learning fields.

1. Agriculture & Nature Conservation
2. Culture & Arts
3. Business, Commerce & Management
4. Communication Studies & Languages
5. Education, Training & Development
6. Manufacturing, Engineering & Technology
7. Human & Social Sciences
8. Law, Military Science & Security
9. Health Sciences & Social Services
10. Mathematical, Physical, Computer & Life Sciences
11. Services
12. Physical Planning & Construction.

In sum, the aim of the Skills Development Act is to serve as a strategic tool that can assist business to align education and training to overall business objectives. Its overall objective is to expand the knowledge and competence of the South African Labour force resulting in improvements in employability and productivity, through new approaches to planning for training, learning programmes, incentives and improved employment opportunities. In essence, it is directed to resolve the short supply of skilled staff, which has been a serious obstacle to competitiveness in South African industries.

CHAPTER 3

3. The Findings

Having reviewed both the theoretical background on which this work is based, as well as the South African context, in the preceding chapters, I shall now turn my attention to analyzing the data of the exploratory study that was carried out to examine the perceptions of a small sample of respondents in the service industry. The survey was conducted through questionnaires and personal interviews.

This chapter is divided into two sections. The first part presents in graphical form the biographical data of respondents who participated in the survey. The second part shows the perceptions of respondents towards the Skills Development Act. Each graph in both sections is followed by a brief commentary.

Key areas of investigation include:

- i) The understanding and perceptions of the skills levy.
- ii) Perceptions of the skills levy as a possible disincentive to investment.
- iii) Perception of the skills levy in relation to the perceived global competitiveness of South African businesses
- iv) Perceptions of the skills levy and its bearing on the South African labour market.
- v) An investigation of the relationship between training regimes and organizational benefits/outcomes.

Data collected was later analysed using the SPSS programme.

The SPSS programme was utilised for the following purposes:

- Reliability analysis (Cronbach Alpha coefficients)
- Bar charts of biographical data and perceptions of the Skills development Act scale.
- Correlation analysis and one-way analyses of variance

3.1 Biographical Information

Figures B.1- B.9, provide details of the biographical data of the respondents who participated in this study.

Figure B.1

Age

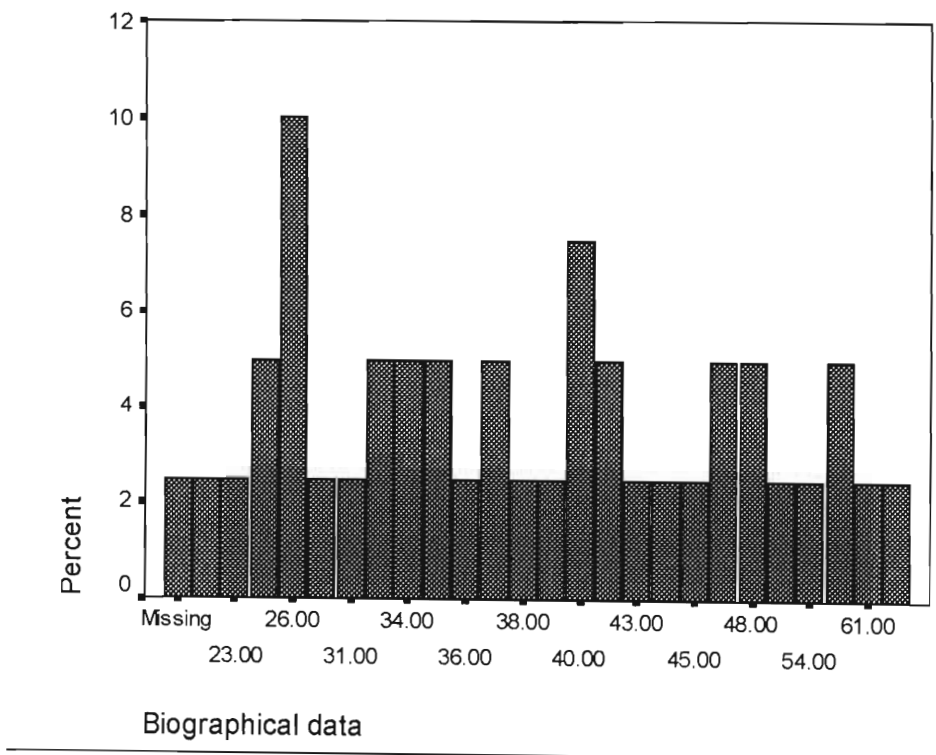
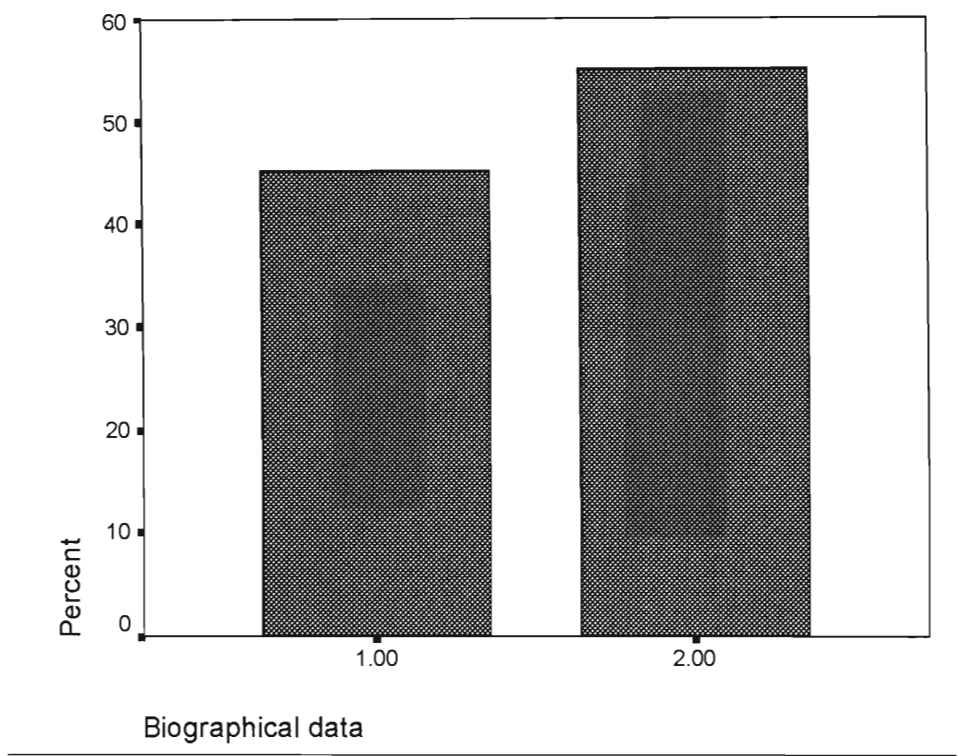


Figure B.1 indicates that the majority of the respondents are between the ages of 23 to 40 years, although the age distribution is quite flat across the entire range.

Figure B.2

Gender



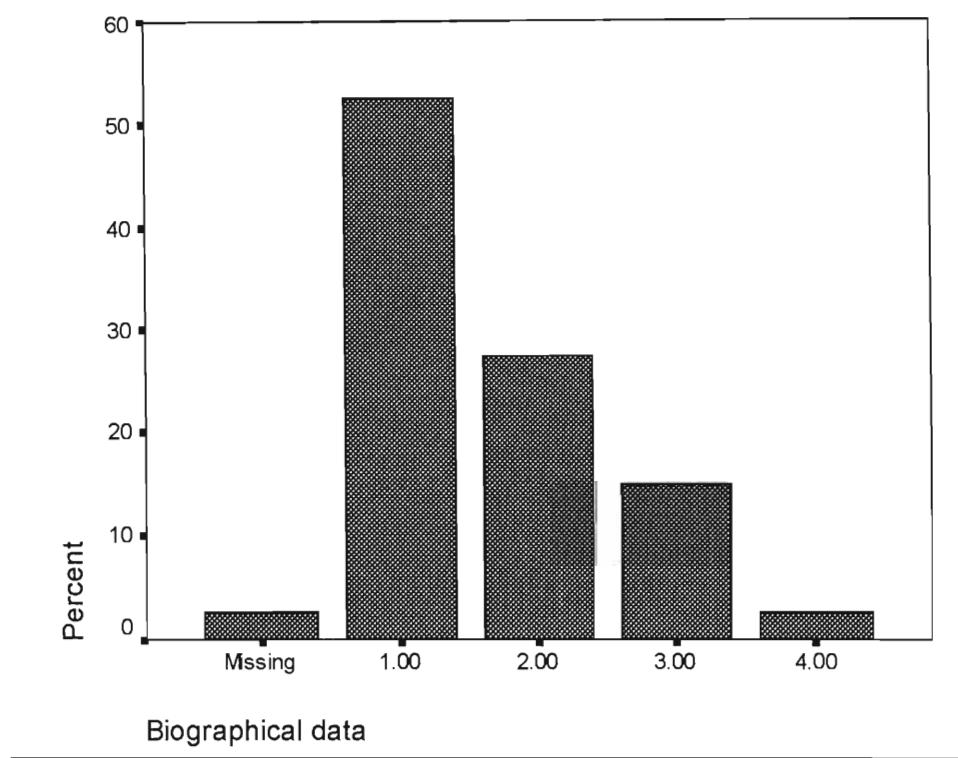
Code for Figure B.2

1 = Male 2 = Female

Of the total respondents, 45% were female while 55% were male.

Figure B.3

Ethnic Group



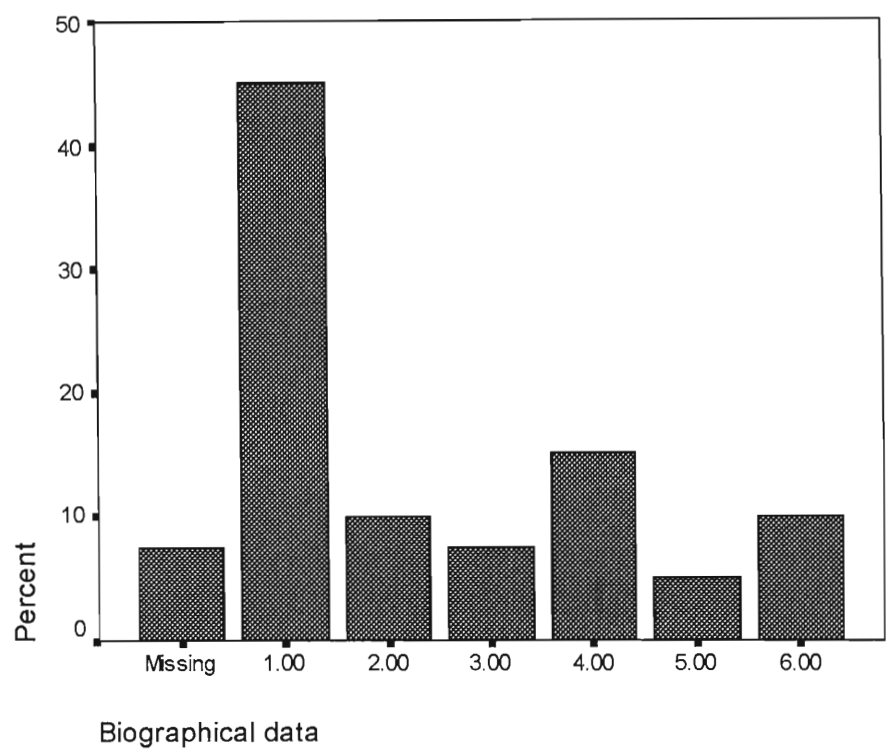
Code for Figure B.3

1=White 2=Black 3=Indians 4=Coloured

Respondents identified themselves in various racial categories. Fifty-three percent identified themselves as Whites, 28% identified themselves as Blacks, 17% as Indians and 1% Coloured.

Figure B.4

Company Designation



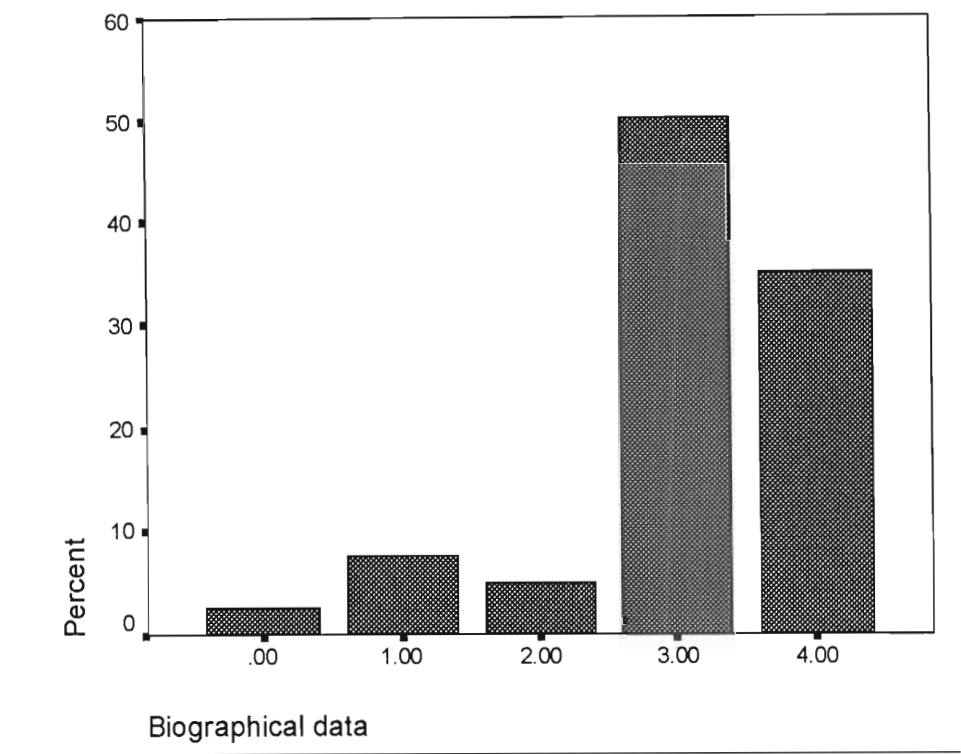
Code for Figure B.4

1 = CEOs/Managers 2 = Consultants 3 = Instructors 4 = HR officers
5 = Accountants 6 = Others

Forty-seven percent of respondents were CEOs or managers, 10% were consultants, 9% were instructors, 17% were HR officers, 5% Accountants, and 10% held other positions in the organizations surveyed.

Figure B.5

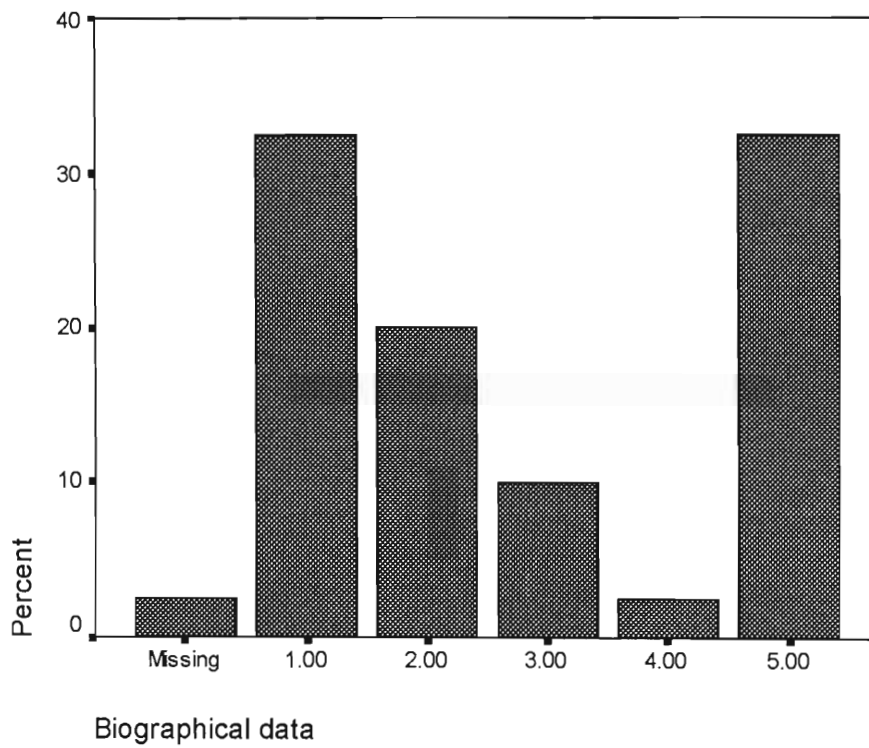
Type of Service



Code for Figure B.5

1 = Real Estate 2 = Cleaning 3 = Consultants 4 = Crane Hire/Labour recruitment/education

Of the respondents from the service sector, a total of 9% came from the real estate sub-sector, 5% from the cleaning sub-sector, 50% were consultants and 35% provided other services including crane hire, labour recruitment and education.

Figure B.6**Number of employees in company****Code for Figure B.6**

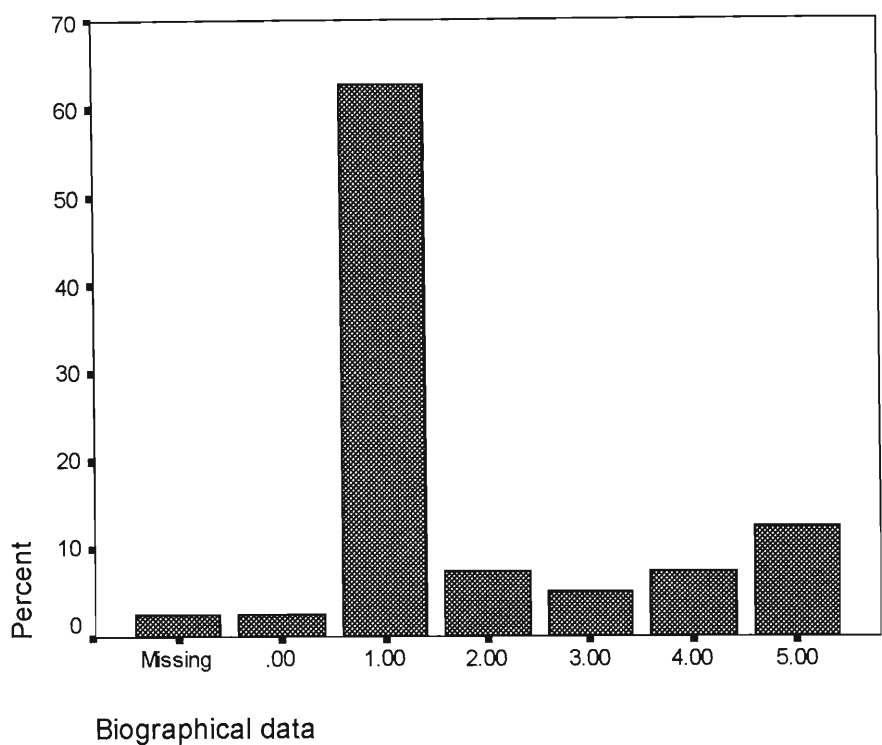
1 = (1- 10 employees) 2 = (11-20 employees) 3 = (21 – 30 employees)
4 = (31- 40 employees) 5 = (41 employees and above.)

Of the total companies surveyed, 34% had less than 5 employees, while 34% had more than 50 employees.

Figure B.7

Distribution of responses to item B.7:

‘What proportion of revenue does your company spend on training?’



Code for Figure B.7

1 = 1- 10% 2 = 11-20% 3 = 21-30% 4 = 31 – 40% 5 = 41-50%

From the above graph, service industry companies spend a smaller proportion of their revenue on training. A total percentage of respondents spend less than 10% of revenue generated on training.

Of the total respondents, 64% spend less than 10% on training, 7% spent up to 20% of their revenue on training. While 4% of respondents spent about 30% of revenue generated on training, another 7% of respondents spent 40% of their income on staff development, while 15% claimed they spent half of their total earning on training.

The above suggests that service companies, spend less on staff training. Information gathered through personal interviews provided some answer to this trend. The reasons advanced included greater staff turnover, especially in the security and cleaning sectors of the service industry.

The inability of companies to restrain trained staff from moving, which they felt would result in a loss of income and investment.

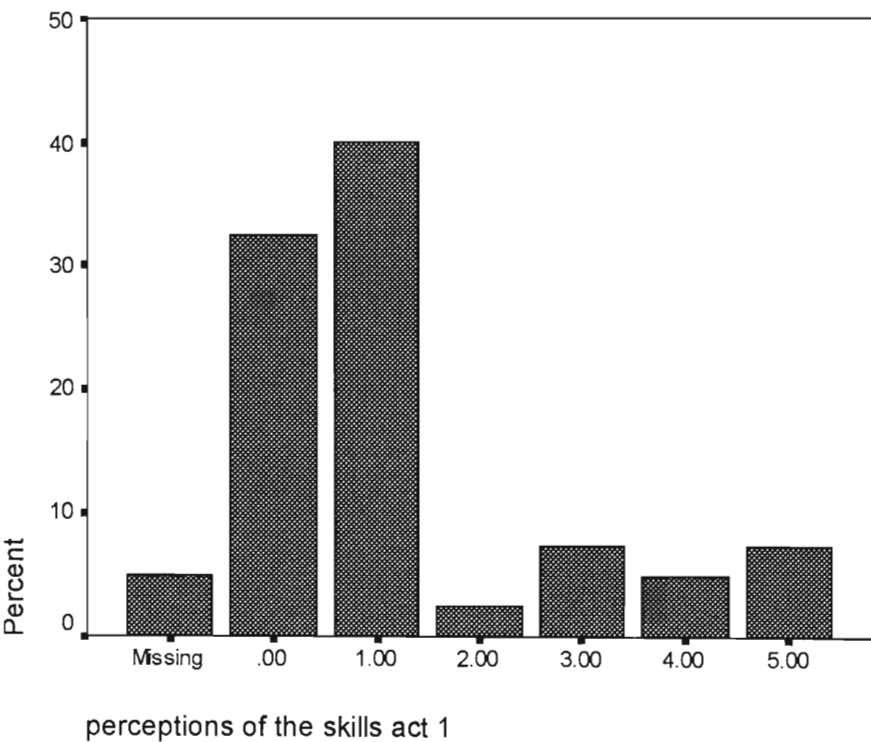
Other reasons included that staff were already well paid and could therefore utilise their own funds for self-development.

Hence, the issue of training becomes closely associated with retention.

Figure B.8

Distribution of responses to item B.8:

‘By what percentage has the Skills Levy increased the amount previously set aside for training by the company?’



Code for Figure B.8

1 =1-10% 2=11-20% 3 = 21-30% 4 = 31-40% 5 = 41 – 50%

From the above graph, 41% of respondents said that the skills levy had increased the amount they previously set aside for training by 10%. Only 1% said the levy had increased their spending on training by 20%.

Eight percent of respondents said that the levy had ‘increased’ their training revenue

by 30%. Another 5% of respondents said the skills levy had “increased” their spending on training by 40%. While 7% of the total number of respondents said the levy had “increased” the amount they previously spent by half.

The implications are that service industries in Durban spent little on training before the promulgation of the Skills development Act. As such, the introduction of the skills levy, which is 1% of gross earning seem to have increased the amount previously set aside for training for a total 62% of respondents, although to varying degrees.

3.2 Perceptions of the Skills Act

This section deals with the findings of respondents’ views of perceptions of the Skills Act. It provides details of data gathered from the fieldwork

It shows responses provided by respondents to each item. These are illustrated by bar charts, followed by a brief summary of pertinent issues.

The following symbols are represented on the graphs from Figure 1-14 of this section.

1 = Strongly Agree

2 = Agree

3 = Neither Agree nor Disagree

4 = Disagree

5 = Strongly Disagree

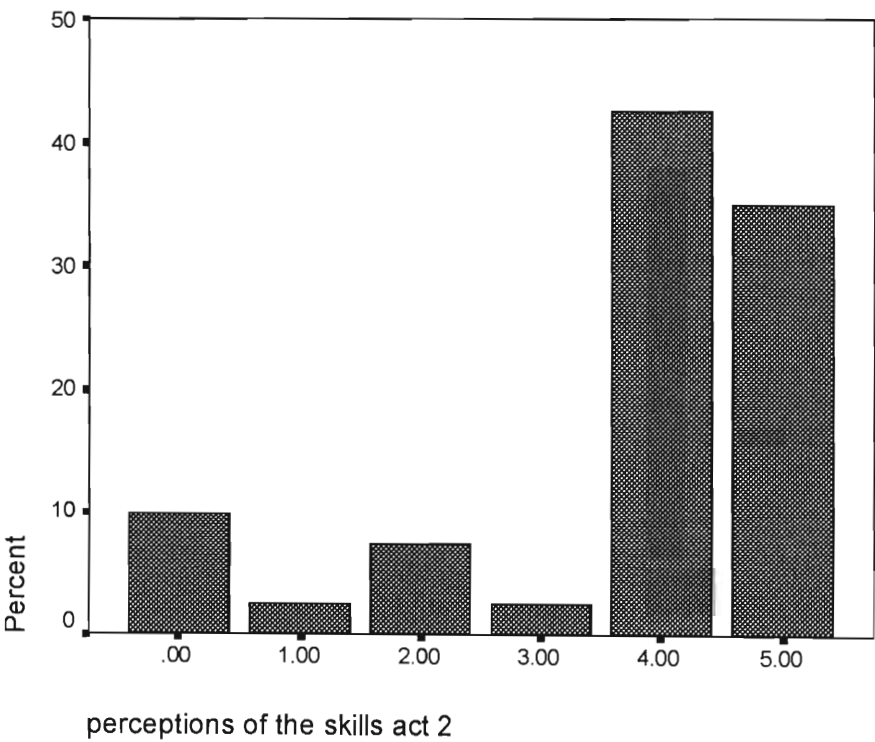
Responses to the qualitative ‘open –ended’ section of each item are reported where specific comments were made by respondents and were substantive enough to be worth inclusion.

In addition, qualitative material obtained through specific individual interviews is reported in the text where considered appropriate or helps illuminate a particular viewpoint.

Figure PS.1

Distribution of responses to item 1:

‘Training initiated by the skills Act will boost economic growth.’



The graph indicates that the majority of the respondents answered positively to the question with 38% ‘strongly agreeing’ that training will boost economic growth. A further 45% of respondents ‘agreed’ that training would boost economic growth.

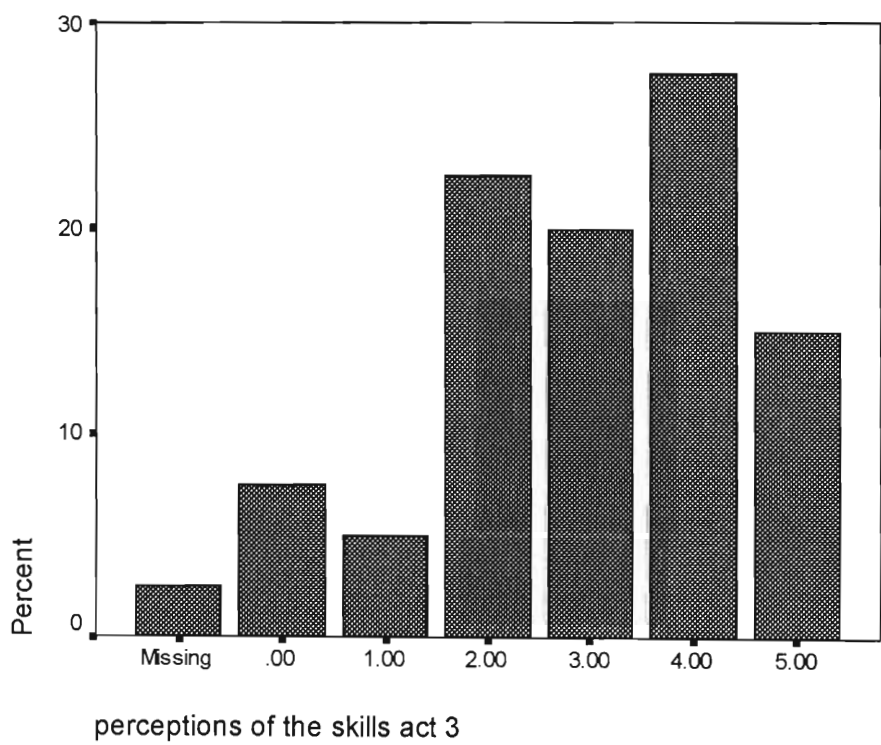
One percent of respondents ‘neither agreed nor disagreed’; while 8% ‘disagreed’ with

the view that training could boost the South African economy. Another 1% ‘disagreed’ with the statement that training could boost economic growth. This implies that 85% of respondents hold the view that skills-levy induced training could facilitate economic growth.

Figure PS.2

Distribution of responses to item 2:

‘The Skills Development Act is not worth the administrative effort it requires to implement it in your company.’



As illustrated above, answers to this question indicate mixed feelings related to the Skills Act and are perhaps a good illustration of reactions to the legislation.

Five percent of respondents 'strongly agree' that the skills Act is not worth the administrative burden it requires for implementation. Twenty-three percent of respondents 'agree' with this view. Twenty percent of respondents 'neither agree nor disagree', while 28% 'disagreed' with the perception of the Act being an administrative burden to implement. A further 15% hold the same perspective by 'strongly disagreeing' with the view that the implementation the Act is an added burden.

For those who believe the Skills Act was an extra administrative burden, the reasons advanced in the qualitative (open-ended section of the item) include:

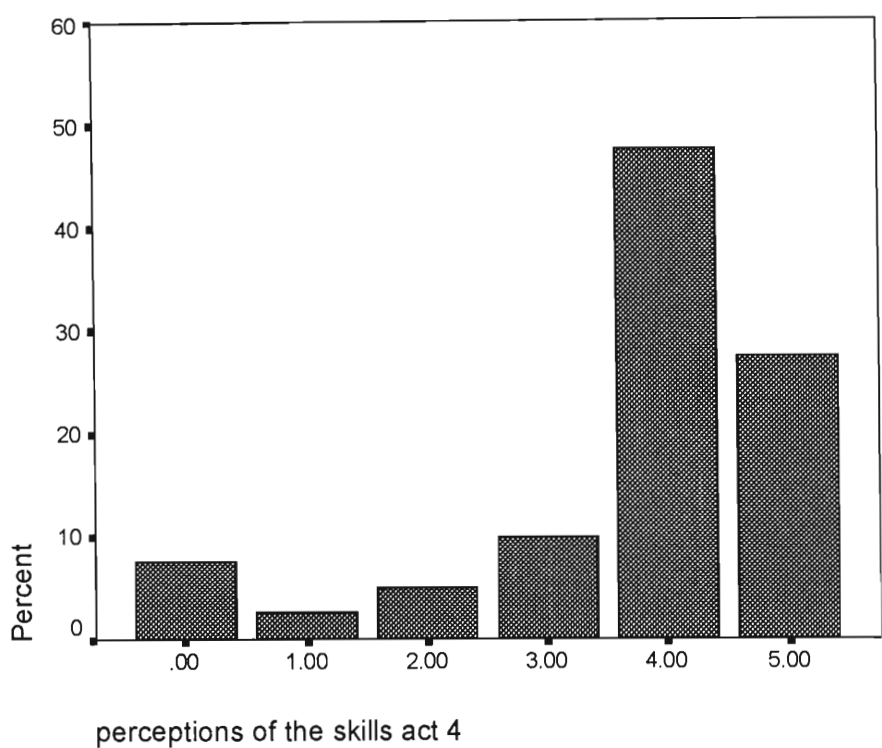
- The unavailability of time, because of the nature of their businesses, which requires personal attention.
- The amount to be reimbursed is too little for the paper work, effort and time it requires.
- The lack of support from SETA staff.

Those who believe the administrative effort was worthwhile stressed the fact that they could reclaim more than half the amount they had contributed.

Figure PS.3

Distribution of responses to item 3:

‘Training initiated by the Skills Act is likely to lead to increased productivity in this company.’



Again as illustrated in Figure PS.3 above, the response was positive from the majority of respondents.

Twenty-nine percent of the respondents ‘strongly agreed’ that training was likely to increase productivity in their company. A further 49% of respondents ‘agreed’ that training would most likely lead to increased productivity.

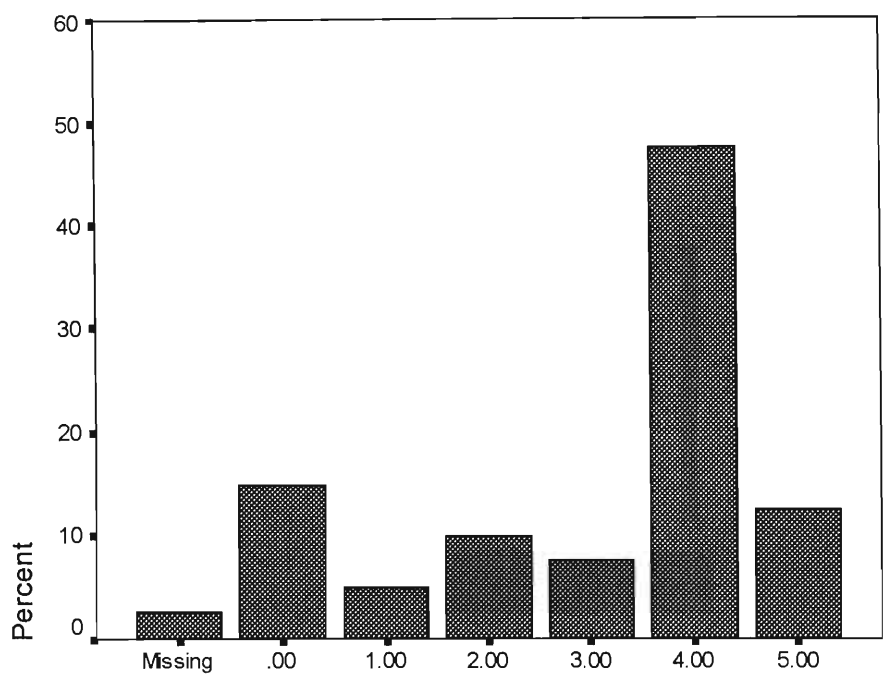
Twelve percent ‘neither agreed nor disagreed,’ with 6% ‘disagreeing’ and 1% ‘strongly disagreeing’ with the statement.

The implication is that most companies are aware that training could lead to increased productivity.

Figure PS.4

Distribution of responses to item 4:

‘Training initiated by the Skills Act has increased the number of personnel being trained annually.’



PS5

The responses by most of the respondents were positive to this item

Thirteen percent of respondents ‘strongly agreed’ that the Skills Act had increased the number of personnel being trained annually. 50% of respondents ‘agreed’ personnel training had increased. Eight percent of respondents ‘neither agreed nor disagreed’ with this view, while 10% ‘disagreed’ that the Skills Act had increased personnel being trained and 5% ‘strongly disagreed’ that the Skills Act had increased the level of people undergoing training in their organization.

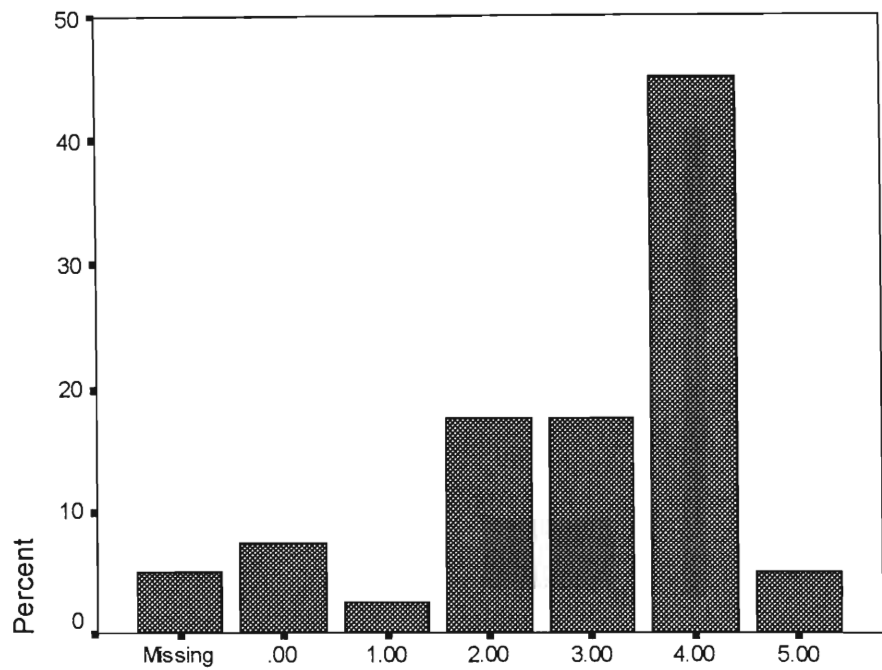
The indication is that payment of the skills levy compels companies to train staff to obtain their refund, thus the increase in personnel training being experienced. However, there is a need to distinguish between training of personnel as a tacit

compliance to reclaim refunds on one hand and on the other as an active developmental process for overall company growth. This should probably represent an area of further analysis and investigation outside the scope of this study.

Figure PS.5

Distribution of responses to item 5:

‘Training initiated by the Skills Act has increased employee motivation in this company.’



PS6

As can be seen from the graph, 7% of respondents “strongly agreed” that training has increased motivation in their company. A further 46% “agreed” that this was the case. Nineteen “neither agreed nor disagreed,” while another 19% “disagreed” with 1% of respondents “strongly disagreeing” that training has increased employee motivation.

For companies already implementing the Skills Development Act, employees’ motivation is likely to have increased, especially for companies where little or no

training had previously been implemented. These were companies who had appointed Skills Development Facilitators and had attended several Service SETA seminars. Those who felt that training had not led to increase motivation cited other reasons in the qualitative section, including: monetary rewards, promotion, recreation and other employee assistance measures. These were probably those people who had not undergone training recently or did not envisage greater career prospects with increased training in their present jobs.

Figure PS.6

Distribution of responses to item 6:

‘Training initiated by the Skills Act has improved employee innovation and mobility.’

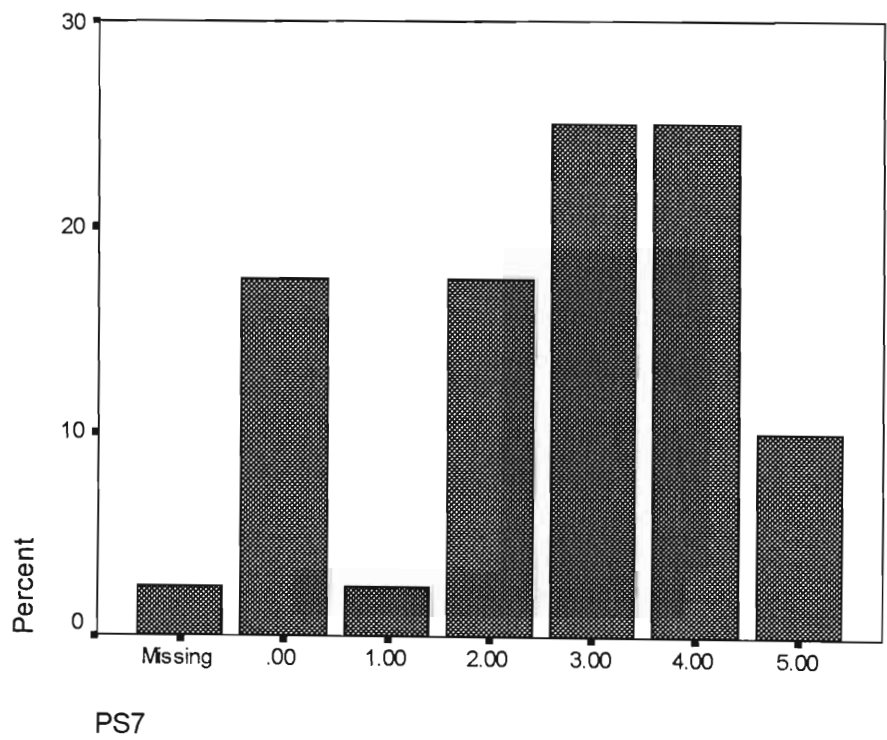


Figure PS.6 shows that 11% of respondents ‘strongly agreed’ that employee mobility and innovation has improved through training in their companies, and 26% ‘agreed’ that this was true. Another 26% of respondents ‘neither agreed nor disagreed’ with the statement. While 18% of respondents ‘disagreed’ that training has improved employee motivation and mobility. 2% of respondents ‘strongly disagreed’ with the statement.

This portrays a mixed reaction to the Skills Act. About 37% of respondents hold the view that the Act could improve innovation and mobility, while 20% disagreed with the view that training induced by the Skills Act could improve mobility and innovation.

Figure PS.7

Distribution of responses to item 7:

‘The Skills levy will boost training and make South African workers more globally competitive.’

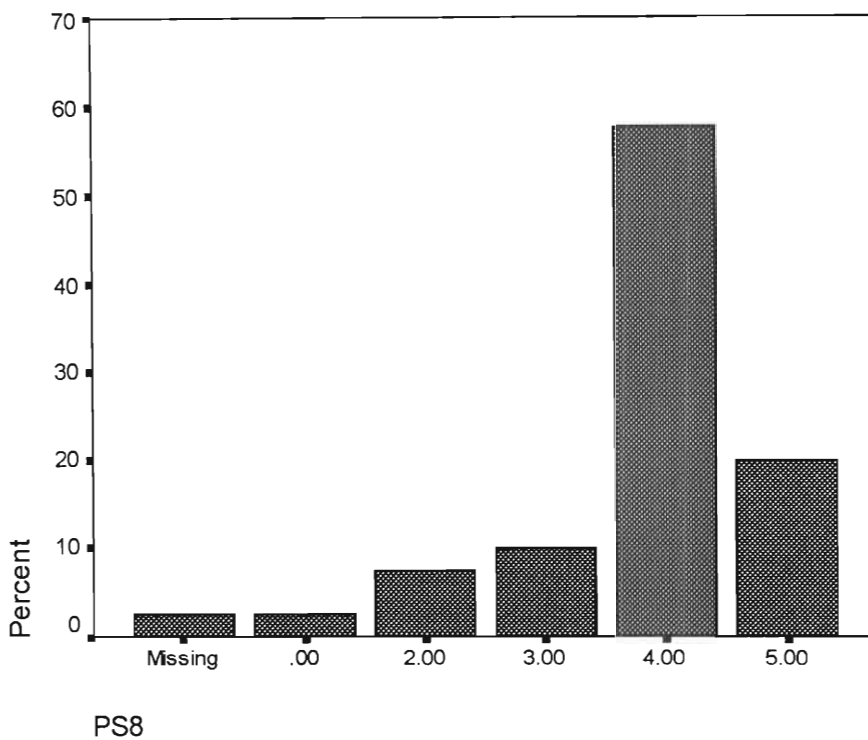


Figure PS.7 reveals that 20% of respondents ‘strongly agree’ with item 7, while 59% ‘agree’ that skills-levy induced training will make South African workers more globally competitive. Eleven percent of respondents ‘neither agree nor disagree.’ While a total of 9% of respondents ‘disagree’ with the view.

There is a clear indication that most employers and senior staff members believe that there is a need for training, with well over half of respondents either strongly agreeing

or agreeing with the view. It also indicates that they perceive the levy as a method of attaining the necessary skills in a deficient South African workforce, which would become globally competitive by Skills development.

Figure PS.8

Distribution of responses to the item 8:

‘The Skills Act could put us out of business.’

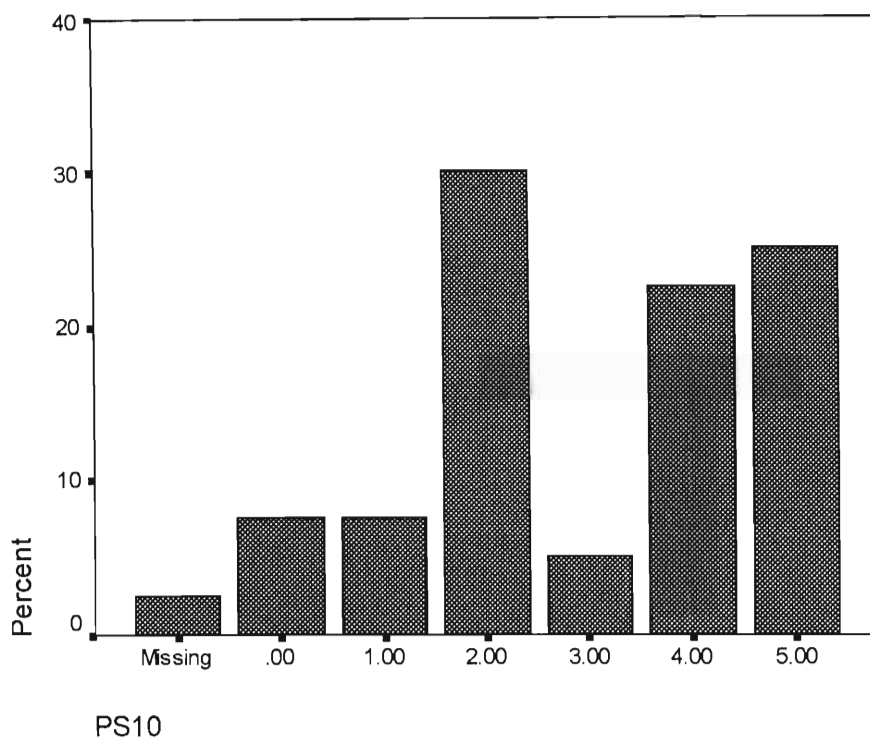


Figure PS.8 shows that 25% of respondents ‘strongly agree’ that the Skills Act could put them out of business. Another 24% ‘agreed’ that this was also true. Five percent of respondents hold a different view, disagreeing with the statement. While 8% ‘strongly disagreed.’

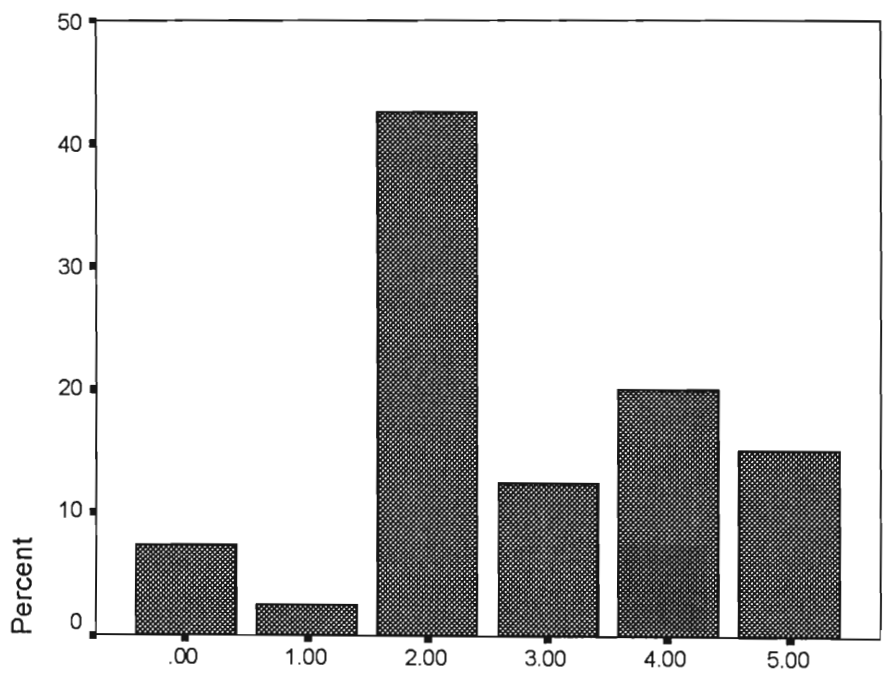
Qualitative data revealed that those who perceived that the Skills Act could put them out of business were those who had contributed to paying the Skills levy over two years, but either had no idea of how to reclaim their refunds, or were not prepared to undergo the prolonged administrative processes in reclaiming their grants.

The respondents who believe that the Skills Act could not put them out of business were those who had received some refund or at least knew that they could do so.

Figure PS.9

Distribution of responses to item 9:

‘The Skills Act is another tax burden for business to bear without any real spin-offs for it.’



PS11

One percent of respondents ‘strongly agreed’ that the levy is an additional tax. 44% of respondent ‘agreed’ that this was the case. 14% ‘neither agreed nor disagreed.’ 22% ‘disagreed’ that it was an added burden, while 18% ‘strongly disagreed.’

Qualitative data suggested that those, who believed the levy was an extra tax, had not begun intensive staff training. They claim that it would take them at least a year to get

a refund, but that it involved other administrative costs, which they had to incur. It was indicated that that corporate and personal income tax was regarded high and that the skill levy, which they could not evade, is extra revenue, which could be ploughed back to cover running costs.

Training was not regarded as a long-term investment and as an integral part of their businesses. They express fear of training staff who could leave them for competitors. Those who believe that the skills levy was not an added burden had undergone a training course and knew they could get a refund back from the SETA.

Figure PS.10

Distribution of responses to item 10:

‘The Skills Act will correct the problems of skills shortage in South Africa in the medium term.’

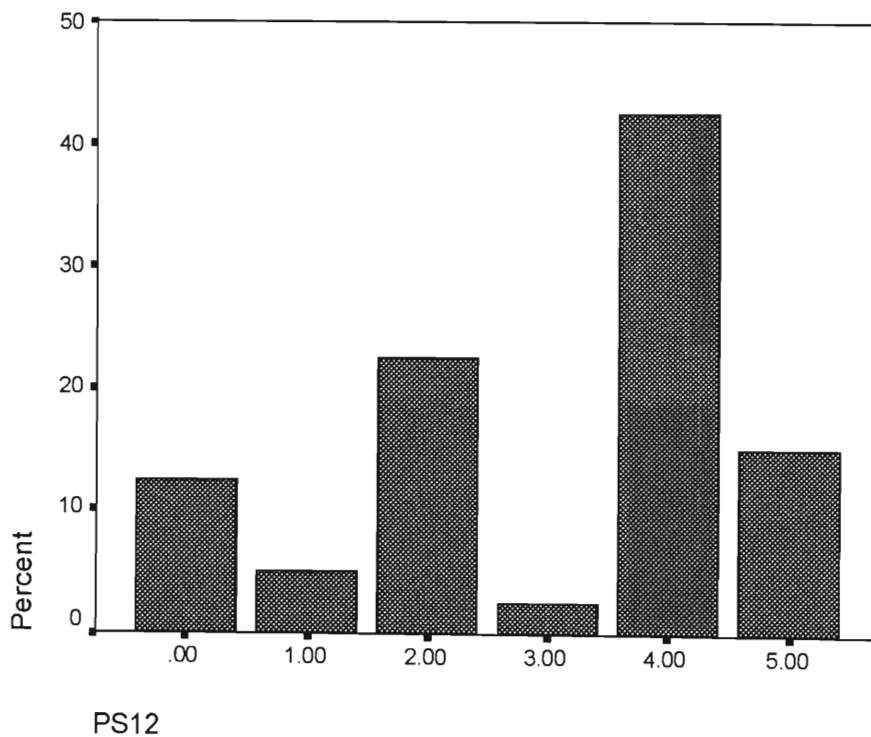


Figure PS 10. shows that 18% of respondents ‘strongly’ hold the view that the skills

act could correct the problems of skills shortages in South Africa. Forty-four percent 'agree' with this view.

One percent 'neither agreed nor disagreed,' while 24% of respondents 'disagreed,' with another 6% 'strongly disagreeing' with the statement.

The respondents, who disagreed, believe that the problems of skills shortages will be corrected in the long term rather than the medium term

Figure PS. 11

Distribution of responses to item 11:

'The Skills levy should be increased from 1% to 4% of gross annual income as in some countries.'

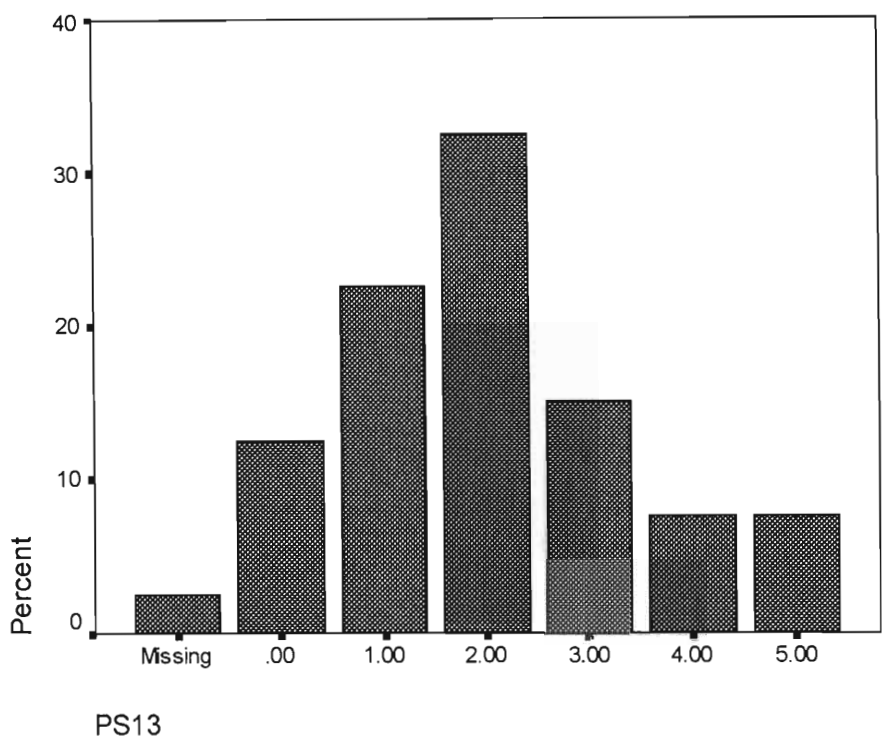
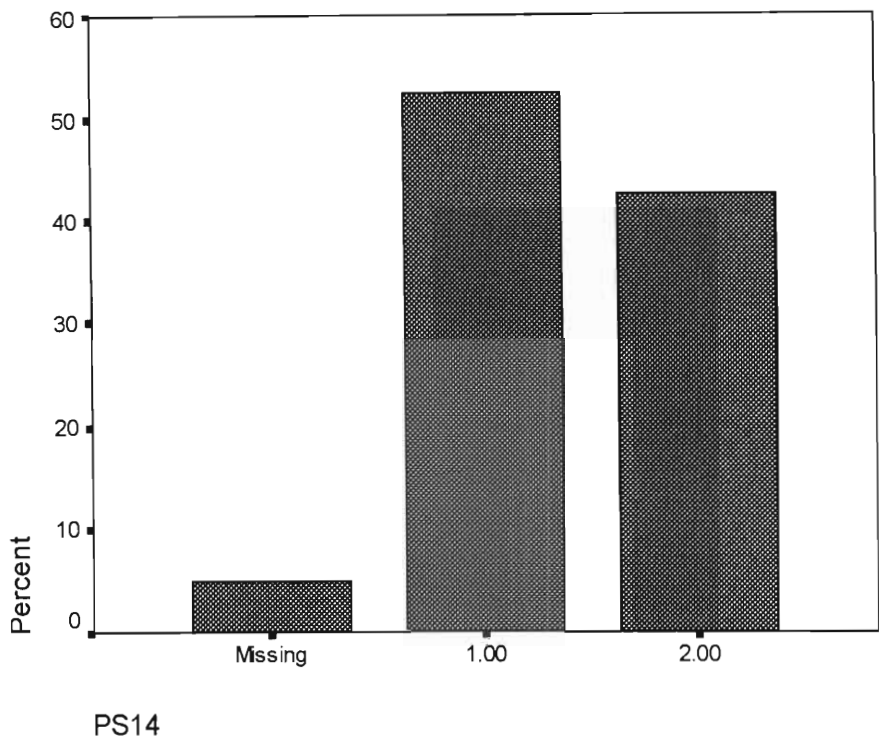


Figure PS.11 indicates that the 8% of respondents ‘strongly agree’ that the skills levy should be increased. Another 8% ‘agree’ with the view. 15 % ‘neither agreed nor disagreed.’ While 34% disagreed with the idea of increasing the skills levy. Twenty-three percent strongly objected to an increase in the skills levy.

Figure 12

Distribution of responses to item 12:

‘In addition to the Skills levy, does your company set aside or allocate funds for training annually?’



1 = Yes 2= No

Figure 12 shows that 54% of respondents answered in the affirmative, indicating that they spend more funds on training other than the statutory one percent skills development levy. Forty-five percent of respondents said their companies did not allocate extra funds for training. This indicates that their training fund is restricted to the skills development levy contributed to the SETA.

Item 13

Do you think there are other ways other than training for improving labour productivity in South Africa?

Fifteen percent of respondents suggested through qualitative data that a proper Apprenticeship scheme of up to till 3 years such as existed in South Africa previously should be reintroduced.

They however did not realise that the learnership scheme introduced by the SETA is the equivalent of the Apprenticeship programme. This probably implies that most companies are not yet fully informed of the programmes of the SETA.

Item 14

Is there anything else you would like to add concerning your view on the skills Act?

Respondents did not suggest anything further.

3.3 Correlations

The measurement of the total perceptions of respondents is measured against each of the items analysed in the preceding chapter.

Table 5 (see page 52) shows the Pearson correlations between the variables

No significant interpretable correlations were found between the biographical data and scores on the TOPS measuring instrument.

However, the inter-correlation matrix (see Table 5) of respondents' scores on individual items in the TOPS measuring instrument and selected biographical

information revealed significant correlations between biographical variables:

B1 (Age)

B5 (Number of years in the company) and,

B6 (Number of years in current position)

And PS variables 4 ('Training initiated by the skills act is likely to lead to increased productivity in this company') and

PS 10. ('The skills act could put us out of business')

Table 5 indicates the inter correlations between these variables.

Table 5

Inter-correlation matrix between selected biographical and perception variables.
Correlations

		B6 Biograph ical data	B5 Biograph ical data	B1 Biograph ical data	PS10	PS4 perceptio ns of the skills act 4
B6 Biograph ical data	Pearson Correlati on	1	.582	.406	-.341	.030
	Sig. (2- tailed)	.	.000	.010	.034	.853
	N	40	40	39	39	40
B5 Biograph ical data	Pearson Correlati on	.582	1	.256	-.316	.007
	Sig. (2- tailed)	.000	.	.115	.050	.966
	N	40	40	39	39	40
B1 Biograph ical data	Pearson Correlati on	.406	.256	1	-.148	-.328
	Sig. (2- tailed)	.010	.115	.	.375	.041
	N	39	39	39	38	39

PS10	Pearson					
	Correlati					
	on					
		-.341	-.316	-.148	1	.454
	Sig. (2-					
	tailed)	.034	.050	.375	.	.004
	N	39	39	38	39	39
PS4 perceptio ns of the skills act 4	Pearson					
	Correlati					
	on					
		.030	.007	-.328	.454	1
	Sig. (2-					
	tailed)	.853	.966	.041	.004	.
	N	40	40	39	39	40

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Table 5 indicates a negative correlation, $r = -0.041$, $p=0.034$ between biographical variable B6 (Number of years in current position) and PS 10 (‘The skills development act could put us out of business’).

Furthermore Table 5 also indicates a negative correlation, $r = -0.316$, $p=0.050$ between biographical variable B5 (number of years in the company) and PS 10.

These findings suggest that people who have been longer in their current position and in the company feel that the requirements of the Skills Development Act are not likely to put their respective companies out of business.

Table 1 also shows a negative correlation, $r = -0.328$, $p=0.041$ between biographical variable 1 (Age) and PS 4 (‘Training initiated by the skills act is likely to lead to increased productivity in this company.’)

This finding suggests that younger people feel that training initiated by the act will have a positive effect on productivity. In other words, that training initiated by the act will be effective.

3.4 Analysis of variance (ANOVA)

One way analyses of the various biographical variables and the TOPS instrument revealed only one significant finding viz. a significant difference between mean scores on the TOPS scale, and ethnic groups. (A Levene test suggests that the assumption of homogeneity of variance has not been violated.)

Table 6 (see page 54) indicates a one-way analysis of variance between the TOPS instrument and ethnic groups.

Table 6

Anova between TOPS instrument scores and Ethnic groups.

Test of Homogeneity of Variances
TOTPS

Levene Statistic	df1	df2	Sig.
1.558	2	26	.230

ANOVA
TOTPS

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	648.651	2	324.325	3.870	.034
Within Groups	2178.798	26	83.800		
Total	2827.448	28			

A Tukey HSD test was conducted with no significant findings emerging. However, a very tentative exploratory investigation of this data suggests that Black ethnic groups (including Indian and Coloured) may have a more positive perception of the skills Development Act than the White group. This seems plausible, as the main beneficiaries of the Skills Development Act are members of the Black ethnic group.

CHAPTER 4

4. Discussions of findings

Why is it that although most respondents believe that the skills training as initiated by the Skills Act could make South African workers more globally competitive, they feel that the skill levy is an additional burden?

First, most South African Companies do not have a strong tradition of staff training and development. The previous history of segregation in South Africa meant that labour proved useful only as a means of production. There was no need to develop, train and retain staff as part of a whole process of productivity, growth and national development as now envisaged by the Skills Development Act. In fact, the Skills Development Act is, in itself, designed to correct this past neglect. Hence, there are still employers who believe the development of staff is a personal matter, outside the workplace.

Most companies and indeed some the SETA staff are not fully aware of the provisions of the Skills Development Act itself. There is not a sufficiently in-depth knowledge of the purpose of the Act and its overall objectives for South Africa in a globally

competitive environment. It is therefore not surprising that some companies are themselves not aware that they can reclaim part of their skills levy, nor are they aware of the requirements needed to obtain a skills levy refund.

This lack of understanding could well be responsible for 49% of respondents believing that the skills development Act could put them out of business. The perception is clearly that the skills levy is an increase in their transaction cost.

Personal interviews reveal that more than 65 % of employers' in the Service industry did not understand the meaning, purpose and application of such important terms as:

- RPL - Recognition of Prior Learning
- Discretionary Grants
- External/Internal Assessor
- Skills Development Facilitator - Purpose, duties, functions
- Accreditation - meaning, process involved.
- Unit Standards - etc and certainly how these can impact upon their organizations.

Closely related to this are the administrative problems being experienced by employers. There are companies who had joined the Service SETA for two years, only to realise that they belonged to the IT SETA.

One organisation claimed to belong to the Service SETA, had attended their seminars and workshops and was found to be registered with the Education and Training SETA. In another situation, there are shipping companies registered with the Service SETA while there is a separate Transport SETA to which they properly belong. With the confusion surrounding the administration of the Skills Development Act, it is therefore not surprising that employers hold negative perceptions of paying a skills levy.

Only 45% of respondents believe that the Skills Act has possible spin-offs. Forty

percent of the respondents still believe that the Skills Act is another tax burden without any real spin-offs. This is because training of personnel is often a long-term investment. Some Employers in the service sector, for example the cleaning sub-sector, believe that investment in simple polishing and cleaning machinery could easily increase productivity and profits in the short run.

Companies who are not traditionally familiar with manpower development, and who believe that training would result in lost employee hours and financial strain are therefore reluctant to accept the change. The 38% of respondents who share the view that the skills development Act could put them out of business are usually those who had not obtained a levy refund.

More than 85% of respondents have an initial level of education of at least a College level Diploma and currently held a responsible position in their organization. (Refer to graph 4- Biographical Data) They therefore value education, realizing the importance of skills acquisition in the process of development. Yet many are reluctant to take on the burden of training their staff. Refunds are usually repaid during the next financial year. One manager of a shipping company surveyed believes that this is a long lengthy process: 'First the levy needs to be paid up; training conducted and paid for before a refund can be obtained.' Employers feel that this is a prolonged process, which consumes time and money. The administrative process involved is therefore not considered worthwhile by small enterprises that do not have a specific officer to handle this process.

Retention or the ability to retain trained staff is perhaps one of the greatest reasons for negative perceptions of the Skills Act. This is as a result of the fear that there is a high level of mobility within certain sectors of the service industry. Employers in the cleaning and security sectors are not sure of retaining staff who have upgraded their skills.

At a seminar hosted by the service SETA in December 2001, it was argued among employers that trained staff should sign contractual obligations to remain with their

employers for a certain number of years to allow them to recoup the funds allotted for their training. But, others contend that this is often difficult to implement and might be seen as an infringement upon the rights of an employee within the Labour Relations Act.

The time required for training represents another area of concern for most employers, that significantly affects their perceptions of the Skills Development Act. Smaller employers believe that training will cut into the productive time of employees. The CEO of a cleaning company, which employs over 120 employees, specifically expressed this concern.

In this particular case, this proprietor's employees worked through the week and sometimes on Saturdays till about noon. Thus this employer who works on a contractual basis for clients does not see how he can withdraw his employees for training while they are required to work on a continual basis.

In addition, employers in the recruitment sector of the service industry perceive the skills levy negatively because they often deal with temporary staff who they cannot pin down for specific training and development initiatives.

The service SETA has tried to rectify the problem through the introduction of a "voucher system" that would allow the employers use vouchers to "purchase" training from other SETAs or Training Providers. But this process is compounded by administrative bottlenecks. Of the two companies affected with this problem, which were interviewed personally, one had to employ a computer data analyst specifically for the purpose of keeping in line with the SETA requirements. The other run by a man, his wife, a close relative and a receptionist, simply did not have the time and resources to meet these requirements. A situation that clearly does not help in the skills development of the artisans they recruit.

Employers who train their staff internally and have done so for many years are not sure whether their training needs to be accredited. They are uncomfortable with the

possible idea of SETA telling them that their training methodology is inadequate or inappropriate. They are not interested in filling forms for accreditation purposes.

To crown it all, the inefficiency of the SETA staff has significantly discouraged member companies and in some cases increased negative perceptions of the Skills Development Act. Employers expect to receive a feedback when their workplace skills plan or Training report has being submitted. They express the need for a two-communication process. Yet there is no such liaison by the SETA except by sending annual reports, quarterly brochures and seminars etc. which most employers do not receive nor understand their content. There have not only been staff changes at the service SETA itself in Johannesburg, but also situations in which companies have had their refunds withheld, even after having complied with all the requirements for a refund.

Branch Offices are inadequately staffed and often do not have the forms or information which an employer might require. The centralisation of services/information in Johannesburg reduces the ability to participate and elicits negative reactions from the companies in the service industry.

Still on the issue of implementation, it must be emphasised that the SETA do not seem to realise that the implementation of the Skills Development Act involves a change process.

These levels of changes include: change, control and compliance. Through its implementation, the Act is designed to bring about a change in employee-employer relationships, a change of attitudes to training and people development, a way of controlling the training process, and a way of ensuring compliance with specific procedures.

However, research studies in change management have indicated that change must not be an imposition, but must be carefully planned with the participation of all parties likely to be affected by the change.

As Feldberg puts it

Unless changes are planned for, they are likely to be resisted. No one enjoys being presented with a sudden change. People need time to understand the nature of change, the reason for its implementation and the effect it will probably have on their behaviour and need satisfaction. Successful change requires detailed and careful planning and even then there is no guarantee that it will not be resisted."
(Feldberg M 1981: 141)

Feldberg goes on to explain :

There is a strong relationship between the amount of employee participation in change and the degrees to which it is accepted. Participation involves two-way communication between the initiator of change and those required to accept, work with and implement it.
(Feldberg M. 1981: 141)

Inadequate planning and absence of a reasonable level of participation remains a constraint on the development of a training ethos and a cause of some of the negative perceptions observed towards the Skills Development Act.

CHAPTER 5

5. Recommendations

This chapter sets to provide suggestions that might help foster a more rewarding relationship between the service SETA and service sector employers, while promoting compliance with the Skills Development Act.

5.1 Information

The questionnaire analysis in the preceding chapter reveals that companies are not necessarily antagonistic to the payment of the skills levy. Lack of adequate information of the provisions of the Skills Act and of its medium and long term benefits, as well as the process of reclaiming skills grants, remains a major reason for the negative perception some organizations have concerning the payment of the levy.

This is evident in the fact that there are companies who are still registered with the wrong SETA, two years after the promulgation of the Skills Development Act. This indicates that there are probably still many companies not informed of the skills development Act.

The Service SETA has mainly used seminars and publications as a method to disseminate information to companies under its umbrella. Service companies are very small, often consisting of between 1- 5 persons.

Therefore Service Industry Executives and Managers do not have the time to attend one-day seminars between 9am - 4pm, and would rather prefer to conduct business negotiations that could help generate income and ensure their survival. In the end, compliance with the requirements of the Skills Act is usually a tacit rather than an active one.

Thus

the nature of companies affiliated with the service SETA dictates that use of seminars is an ineffective method for disseminating information to stakeholders. Furthermore, seminars can only be a useful instrument for information dissemination and participation when stakeholders are already aware of, convinced as to the value of, and involved in skills development activities.

Similarly, individuals with preconceived negative notions, and without adequate time, do not bother to read the publications sent to them. Mere compliance - paying the skills levy - thus becomes their watchword. This in itself might have significant inflationary implications for the economy, as some companies may pass on the cost of the levy as higher prices to their customers. Evolving a marketing and information strategy, involving personal consultations similar to 'door to door selling' might do much to reverse this trend.

5.2 Administration

A successful training program needs competent administrators with the requisite vision, integrity and dedication. In South Africa, however, the shortage of administrators is a critical factor in the whole process of skills development.

Competent Administrators are more likely to work in private industries where salaries are higher. The selection of staff needs to be thorough and concise. SETA staff, in particular, need to be aligned with the mission and goals of the organization to contain or limit the apparent trends of complacency, inefficiency and laziness that have been reported.

In addition, poor coordination remains a major bottleneck for the successful implementation of the skills development act. In most cases, member companies do

not have access to ready support and assistance, including access to Workplace Skills Plans, Training Reports, Accreditation /Learnership Application Forms etc., nor answers to specific questions which affect them. This is particularly true for stakeholders who employ temporary staff.

Effective decentralization between the headquarters in Johannesburg and other newly established offices in other provinces should be stepped up. Not only should information, application forms, update journals etc. be readily available, but each regional office should also be adequately staffed. Each chamber should have a representative officer attached to its regional office, as it exists in Johannesburg. This will ensure that member companies as far away as Richards Bay get prompt service in KwaZulu-Natal. Adequate staffing will probably help to ensure prompt and efficient service and thus probably encourage greater involvement and committed participation by stakeholders.

The use of students on internships in the ETQA department might be extended to other provinces, while the creation of career centers should be more enthusiastically encouraged in all the other regions. However, while it is important to assess Learners before they embark on Learnership programmes, the test and the rationale of assessment should be carefully scrutinised if South Africa is to achieve a 'skills revolution' as envisaged in the National Skills Development strategy.

3.3 Learnerships

The process of skills development needs to be all-inclusive and all embracing for both the employed and the mostly unemployed/underemployed. Presently, the process of learnership development has been slow and very much delayed. Many SETAs, including the Service SETA have yet, two years after inception, to commence pilot learnerships.

The application of strict selection criteria for participation in learnerships is worrisome. This precludes a vast section of illiterate people, who would be left out of this training initiative, from benefiting. Yet, the Skills development Act is precisely

designed to address illiteracy and skills shortages in South Africa.

With a severe skills shortage and a considerable rural illiteracy rate in South Africa, the service SETA needs to embrace a more functional and effective adult literacy programme beyond the e-learning, computerized programmes available at the newly created urban career centres, to cater for people who live far from major cities. This would allow learners to upgrade their skills and consequently to qualify for admission into learnership programmes.

The idea that learners on a particular programme should be restricted to only those few that employers can absorb is erroneous. First, it is based on the misconception that there are a fixed number of jobs within the economy at a particular time. In any industry, there are always new entries and exits into the market. Indeed, service industries by their nature have indeed grown, and continue to grow, in South Africa. Unlike other enterprises, service businesses do not often require huge capital outlays to start. In this regard, the SETA might concentrate on reviving dying businesses or initiate new projects that can help create jobs in conjunction with the Department of Labour.

Secondly, it is only when people are trained and skilled that can they create employment opportunities.

5.4 Apprenticeship

Fifteen percent of respondents indicated that the Service SETA should introduce proper Apprenticeships. The learnership programme of the SETA is indeed the equivalent to the apprenticeship scheme suggested. This again demonstrates the importance of information for member companies.

Pilot learnerships have been designed to commence with a theoretical basis and a practical component to follow as a year programme. It is suggested that the theoretical and practical aspects of the programme be run simultaneously rather than

concurrently.

This will ensure that learners apply practically what they learn theoretically on a day-to-day basis, thereby ensuring greater dexterity, progress and knowledge acquisition.

The shortage of skilled craftsmen – arguably the result of the neglect of the apprenticeship system and the recent migration of skilled men and women - might be rectified by upgrading skilled craftsmen by giving them a series of appropriate courses in pedagogy.

Recent research work by Fedderke, de Kadt and Luiz, presents a detailed illustration of how South Africa's expensive tertiary educational system from 1910 -1993 under invested in Apprenticeship Training, reflecting in today's low human capital formation.

(Fedderke J., de Kadt., R. and Luiz, J. 2000)

5.5 Accreditation & Curriculum Standardisation

One of the areas plagued by controversy is the absence of a standard curriculum for learnerships. Although there are specific unit standards being generated by the South African Qualifications Authority (SAQA) through the Standard Generating Bodies (SGBs), there is as yet no specific standardisation of curriculum for most learnerships - although, admittedly, some of these are entirely new.

Yet, if a standard curriculum were set, as in the case of Adult Literacy from 1- 4, most of the work of the SETAs concerning accreditation would be easier. Providers would then only need to achieve a certain level of competence through qualification or experience to offer an existing standardised programme.

Without a fixed curriculum, accreditation and standardization are likely to become a very thorny issue in the future. At the moment, there is not enough support for smaller providers who can easily reach the disadvantaged rural populations to allow them to

gain accreditation, but more so, because the accreditation standards in most cases can only be met by very well established institutions. This might throw some training providers out of their jobs.

In some cases, applications for accreditation have not been thoroughly assessed before accreditation is denied.

5.6 Skills Development Facilitators

The idea of engaging external SDFs (Skills Development Facilitators) in the activities of the SETA is a commendable one. Indeed, personal consultation and liaison between SDFs and stakeholders is imperative to the success of the whole scheme.

It is suggested that SDFs should first begin with a much more comprehensive induction into SETA activities than at present.

External SDFs especially need to be well-versed in the filling of WSPs, training reports, and be able to answer questions as regards the processes involved in grant reclaims, accreditation, assessments, RPL etc.

SDF training should be made shorter. Perhaps the duration could be reduced from one year to six months or quarterly, with the courses segmented along NQF levels.. Not only is a one year SDF training program excessively long, most employers in the service industry cannot, by its nature, afford to release their staff continually for long seminars.

Where an employee who has attended the SDF course after three or six months resigns, it leaves the employer in a dilemma. Would this employer assign a new employee to begin afresh, or appoint another employee to start midway?

It is suggested that the Service SETA nominate a group of full-time External Skills

Development Facilitators who will be allocated a number of companies. These SDFs would then be able to assist companies with the process of skills development and advice on the necessary interventions within their organizations, through scheduled consultative visits. This in itself could generate much needed employment opportunities in South Africa.

5.7 Tenders

Tenders in relation to training, publications and research have been concentrated in Johannesburg. Stakeholders who belong to the Service SETA and indeed all the other SETAs are spread all across the country. To reflect the different needs in and divergence between the provinces, while consolidating the process of skills development, greater efforts might be made to more fully include other stakeholders in other provinces.

Furthermore, the award of tenders should in itself better reflect the demographic distribution of the South African population and uphold the principles of the Employment Equity Act, which the SETA itself is championing among its stakeholders. The SETA should make additional efforts to build capacity and support, where needed, to make its programmes and participation more inclusive.

Printing works, the Service SETA Research Journal, SDF training seminars as well as Research projects have all been outsourced to companies based in Johannesburg. Nepotism, Favoritism and a host of other ills, which have bedeviled other public corporations, need under practices to be carefully guided against.

5.8 SMME Development

One other area closely related to tender outsourcing is the development of small-scale businesses that is in line with the government's policy as a means of sustaining employment.

According to the National Skills development strategy, the SMME sector in 1997 in

South Africa absorbed nearly 57 per cent of people employed in the private sector and contributed 42 percent of the gross domestic product. (See Vhutsila 2001-2005:13)

Small businesses cannot therefore be ignored as a catalyst in economic growth and development. Yet their potential exclusion in preference of well-established, larger companies is a troubling development.

Small-scale business makes up about 85% of the Service SETA. It is therefore imperative that provision is made to assist these small businesses in every possible way to build capacity and to participate in all SETA activities.

5.9 Training & Labour Turnover

One of the major concerns of firms as regards employee training is the rate of turnover once employees become trained. This fear was expressed especially in the security and cleaning sub-sectors where mobility and turnover are perceived to be high.

These two industries are very competitive because they do not depend on a high level of skills acquisition and training on the part of employees. For example, an individual might spend three weeks to qualify on Grades E, D, and C in a security company for as little as R650 (Six hundred and fifty Rand.) (Source: personal interview, see Chapter 4,)

In the first instance, if all firms were to comply with the legislation, there would be a pool of skilled personnel to choose from in the cases of resignation. This might help to reduce the cost of replacement and improve the initial lower level of productivity before the newly hired worker becomes acquainted with the new environment.

Zyleman offers another solution:

if there a competitive market for skilled labour, public authorities may introduce laws that compel a trainee to remain with the firm that trained him for a certain time after

he reaches proficiency in the occupation, but before being classified as a skilled worker. This period could be long enough to allow the firm to recoup the costs of training. For this system to be effective firms that hire away workers who do not fulfill their contract must reimburse the firm that trained them for part of the training cost. This type of legal imposition on the trainee must be used carefully to avoid exploitation of workers at substandard wages.”
(Zylmelman Manuel 1976:33)

Taking a cue from the Japanese experience, Hyman explains,

Many observers of Japanese firms make firm-specific investments and offer workers upward mobility through the internal labour market. This decreases worker quit rates to close to zero. Firms can then provide workers with both firm-specific and more general training with confidence that these workers won’t take the skills they learn to competing firms. (David. Hyman 1992: 505)

5.10 **Research**

Recent Research conducted by the Service SETA is too narrowly focused on companies within their orbit. Further ongoing research is needed into: the future skills needs of South Africa; the needs of learners including learning problems; the problems and impact of external skills development facilitators on skills development. Unless, adequate, continual and all embracing research is commissioned, with few bureaucratic bottlenecks, the process of skills development is likely to be a slow and painful process

APPENDIX I

***** Method 2 (covariance matrix) will be used for this analysis

R E L I A B I L I T Y A N A L Y S I S - S C A L E (A L P H A)

		Mean	Std Dev	Cases
1.	PS2	3.6000	1.6103	30.0
2.	PS3	3.0333	1.4259	30.0
3.	PS4	3.6667	1.3979	30.0
4.	PS5	3.0667	1.6802	30.0
5.	PS6	3.0667	1.4368	30.0

6.	PS7	2.7667	1.6121	30.0
7.	PS8	3.8000	1.1265	30.0
8.	PS10	2.8333	1.6418	30.0
9.	PS11	2.6333	1.4259	30.0
10.	PS12	2.8000	1.6060	30.0
11.	PS13	1.9333	1.3629	30.0

Correlation Matrix

	PS2	PS3	PS4	PS5	PS6
PS2	1.0000				
PS3	.4115	1.0000			
PS4	.5668	.3172	1.0000		
PS5	.3033	.1718	.4796	1.0000	
PS6	.2951	-.0011	.2861	.6694	1.0000
PS7	.0558	.1685	.2091	.3879	.2600
PS8	.4676	.4766	.5913	.2624	.1150
PS10	.3652	.1645	.4558	.3667	.0341
PS11	.2193	.2945	.2307	.0681	.2816
PS12	.3413	.2740	.6912	.2351	.1106
PS13	.2702	.1786	.5128	.4086	.2137
	PS7	PS8	PS10	PS11	PS12
PS7	1.0000				
PS8	.1823	1.0000			
PS10	.1802	.4102	1.0000		
PS11	.0515	.1674	.5033	1.0000	
PS12	.4209	.5108	.3269	.0271	1.0000
PS13	.5263	.4178	.1952	.0934	.4978
	PS13				
PS13	1.0000				

RELIABILITY ANALYSIS - SCALE (ALPHA)

N of Cases = 30.0

Statistics for Scale	Mean	Variance	Std Dev	N of Variables
	33.2000	97.6138	9.8800	11

Item-total Statistics

Scale	Scale	Corrected
-------	-------	-----------

Squared Multiple Correlation	Mean Alpha if Item Deleted Deleted	Variance if Item Deleted	Item- Total Correlation
PS2 .5595	29.6000 .8057	79.6966	.5330
PS3 .6320	30.1667 .8187	85.3851	.3869
PS4 .7519	29.5333 .7881	77.5678	.7348
PS5 .8546	30.1333 .8033	78.2575	.5562
PS6 .8320	30.1333 .8198	85.5678	.3755
PS7 .4763	30.4333 .8192	83.3575	.3960
PS8 .5671	29.4000 .8040	84.0414	.5957
PS10 .8031	30.3667 .8102	80.5161	.4888
PS11 .7685	30.5667 .8253	87.3575	.3085
PS12 .6898	30.4000 .8031	79.0759	.5587
PS13 .5622	31.2667 .8050	82.2023	.5484

Reliability Coefficients 11 items

Alpha = .8239 Standardized item alpha = .8277

APPENDIX II

SKILLS DEVELOPMENT ACT QUESTIONNAIRE

BIOGRAPHICAL INFORMATION

PLEASE FILL IN THE INFORMATION REQUESTED OR TICK THE APPROPRIATE BOX IN THE FOLLOWING BOXES PROVIDED FOR THIS PURPOSE.

1. Age (in years)
2. Gender
3. Ethnic group
4. Company designation
5. Number of years in Company
6. Number of years in position
7. Type of service
Real Estate Cleaning Consultancy others /please specify.....
8. Please indicate the number of employees in this company
9. What proportion of revenue does your company spend on training?

SKILLS DEVELOPMENT ACT RESEARCH QUESTIONNAIRE

Please fill in the information requested or put a tick in the appropriate box for each question.

PERCEPTIONS OF THE SKILLS ACT

This questionnaire focuses on your perceptions of the Skills Development Act in South Africa. This is not a test and there are no right or wrong answers so please indicate how you really feel. Your name is not asked for and the information you give will be treated as anonymous.

Please indicate to each of the items below, by putting a tick in the appropriate box, the extent to which you agree or disagree with each statement. Each item should be rated from 1 to 5, where 5 indicates strong disagreement with the statement and 1 indicates strong agreement with the statement.

1. By what percentage has the skills levy increased the amount previously set aside for training by the company?

1. less than 10%	2. 11 - 20%	3. 21 - 30%	4. 31 - 40%	5. 41 - above	Don't know
------------------	-------------	-------------	-------------	---------------	------------

2. Training initiated by the Skills Act will boost economic growth.

1. strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. strongly disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you think this?.....
.....
.....

3. The skills development act is not worth the administrative effort it requires to implement it in your company.

1. strongly Agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. strongly disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you think this?.....
.....
.....

4. Training initiated by the skills Act is likely to lead to increased productivity in this company.

1. Strongly Agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly Disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why you do think this?.....
.....
.....

5. Training initiated by the skills Act has increased the number of personnel being trained annually.

1. strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly disagree	Don't Know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you thinkthis?.....
.....
.....

6. Training initiated by the skills Act has increased employee motivation in this company.

1.Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly disagree	Don't know
------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you feel this way?.....
.....
.....

7. Training initiated by the skills Act has improved employee innovation and mobility.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you feel this way.....
.....
.....

8. The skills levy will boost training and make South African workers more globally competitive.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you feel this way?.....
.....
.....

9. Training initiated by the Skills Act has improved employee innovation and mobility.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you think this?.....
.....
.....

10. The Skills Act could put us out of business.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly disagree	Don't know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you think this?.....
.....
.....

11..The Skills Act is another tax burden for business to bear without any real spin-offs for it.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly Disagree	Don't Know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you think this?.....
.....
.....

12. The Skills Act will correct the problems of skills shortages in South in the medium term.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5 Strongly Disagree	Don't Know
-------------------	----------	-------------------------------	-------------	---------------------	------------

Why do you think this?.....
.....
.....

13..The Skills levy should be increased from 1% to 4% of gross annual income as in some countries.

1. Strongly agree	2. Agree	3. Neither agree nor disagree	4. Disagree	5. Strongly Disagree	Don't Know
-------------------	----------	-------------------------------	-------------	----------------------	------------

Why do you think this?.....
.....
.....

14.-.In addition to the Skills levy, does your company set aside or allocate funds for training annually?
YES NO

If yes, please briefly indicate what these training funds are for.....
.....
.....

15. Do you think there are other ways other than training for improving labour productivity in South Africa?
YES NO

If YES, please briefly indicate how this might be done.....
.....
.....

16. Is there anything else you would like to add concerning your views on the Skills Act?

YES NO

If YES, Please briefly outline your views in the space provided.....
.....
.....
.....

**YOU HAVE NOW REACHED THE END OF THIS QUESTIONNAIRE.
MANY THANKS FOR YOUR HELP AND CO-OPERATION.**

APPENDIX III

Bibliography

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